

Department of Education
STUDENT AID ADMINISTRATION
Fiscal Year 2022 Budget Request
CONTENTS

	<u>Page</u>
Appropriations Language	AA-1
Analysis of Language Provisions and Changes	AA-4
Amounts Available for Obligation	AA-8
Obligations by Object Classification, Supplemental, CARES Act (P.L. 116-136)	AA-9
Obligations by Object Classification, Supplemental, CRRSAA Act (P.L. 116-260)	AA-11
Obligations by Object Classification, Supplemental, ARP Act (P.L. 117-02)	AA-12
Summary of Changes	AA-13
Authorizing Legislation	AA-15
Appropriations History	AA-16
Significant Items in FY 2021 Appropriations Reports	AA-18
Summary of Request	AA-21
Activity	
Student Aid Administration	AA-22

STUDENT AID ADMINISTRATION

STUDENT AID ADMINISTRATION

For Federal administrative expenses to carry out part D of title I, and subparts 1, 3, 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 [\$1,853,943,000] \$2,053,943,000, to remain available through September 30, [2022] 2023¹ [*Provided*, That the Secretary shall allocate new student loan borrower accounts to eligible student loan servicers on the basis of their past 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:² *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:³ *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:⁴ *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:⁵ *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:⁶ *Provided further*, That to the extent FSA permits student loan servicing

STUDENT AID ADMINISTRATION

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:⁷ *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:⁸ *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 relevant experience and demonstrated effectiveness:⁹ *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:¹⁰ *Provided further*, That FSA shall strengthen transparency through expanded publication of aggregate data on student loan and servicer performance:¹¹ *Provided further*, That not later than 60 days after enactment of this Act, FSA shall provide to the Committees on Appropriations of the House of Representatives and the Senate a detailed spend plan of anticipated uses of funds made available in this account for fiscal year 2021 and provide quarterly updates on this plan (including contracts awarded, change orders, bonuses paid to staff, reorganization costs, and any other activity carried out using amounts provided under this heading for fiscal year 2021):¹² *Provided further*, That the FSA Next Generation Processing and Servicing Environment, or any new Federal student loan servicing environment, shall include accountability measures that account for the performance of the portfolio and contractor compliance with FSA guidelines:¹³ *Provided further*, That, due to concerns with the transfer of borrower accounts and to allow

STUDENT AID ADMINISTRATION

appropriate time for review of the risks of current contracting plans, FSA shall suspend awarding of any contract for the Interim Servicing Solution (ISS) Solicitation (Solicitation No. 91003120R0018) for a period of not less than 90 days after enactment of this Act: ¹⁴ *Provided further*, That FSA may not award funding for any contract under such ISS Solicitation unless Business Process Operations (BPO) Contractors are, as borrower accounts are migrated to ISS, immediately responsible for all contact center and back-office processing, as described in BPO Solicitation No. 91003119R0008, necessary to deliver all such servicing requirements for accounts that have been migrated to ISS: ¹⁵ *Provided further*, That notwithstanding the requirements of the Federal Property and Administration Services Act of 1949, 41 U.S.C. 3101 et. Seq, as amended; parts 6, 16, and 37 of title 48, Code of Federal Regulations; or any other procurement limitation on the period of performance, the Secretary may extend the period of performance for any contract under section 456 of the HEA for servicing activities scheduled to expire on December 14, 2021 or March 30, 2022, as applicable, for up to two additional years from the date of expiration]. ¹⁶ (*Department of Education Appropriations Act, 2021.*)

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 to remain available through September 30, [2022] <u>2023</u></p>	<p>This language provides for appropriated funds to remain available for 2 years.</p>
<p>² ... [<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 the requirement will be included in FSA's long-term servicing solution.</p>
<p>³ ... [<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 FSA currently complies with this language.</p>
<p>⁴ ... [<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 included in FSA's long-term servicing solution.</p>

STUDENT AID ADMINISTRATION

Language Provision	Explanation
<p>⁵ ... [<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 FSA will incorporate this requirement into new loan servicing contracts.</p>
<p>⁶ ... [<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 servicers to be evaluated based on their ability to meet contract requirements. This language is eliminated because FSA will incorporate this requirement into new loan servicing contracts.</p>
<p>⁷ ... [<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 FSA will incorporate this requirement into new loan servicing contracts.</p>
<p>⁸ ... [<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 new contracts provide increased support to distressed borrowers. This language is eliminated because FSA will include this requirement in FSA's long-term servicing solution.</p>
<p>⁹ ... [<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 loan servicing contractors. This language is eliminated because FSA will include this requirement in FSA's long-term servicing solution.</p>

STUDENT AID ADMINISTRATION

Language Provision	Explanation
<p>¹⁰ ... [<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 FSA is extending the current loan servicing contracts as it is reviewing its plan for the long-term servicing solution.</p>
<p>¹¹ ... [<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>
<p>¹²... [<i>Provided further</i>, That not later than 60 days after enactment of this Act, FSA shall provide to the Committees on Appropriations of the House of Representatives and the Senate a detailed spend plan of anticipated uses of funds made available in this account for fiscal year 2021 and provide quarterly updates on this plan (including contracts awarded, change orders, bonuses paid to staff, reorganization costs, and any other activity carried out using amounts provided under this heading for fiscal year 2021):]</p>	<p>This language is removed because the requested report has been provided.</p>
<p>¹³...[<i>Provided further</i>, That the FSA Next Generation Processing and Servicing Environment, or any new Federal student loan servicing environment, shall include accountability measures that account for the performance of the portfolio and contractor compliance with FSA guidelines:]</p>	<p>This language would require FSA to establish and ensure a variety of requirements for loan servicing contractors. This language is eliminated because Federal Student Aid will include this requirement in FSA's long-term servicing solution.</p>

STUDENT AID ADMINISTRATION

Language Provision	Explanation
<p>¹⁴...<i>[Provided further,</i> That, due to concerns with the transfer of borrower accounts and to allow appropriate time for review of the risks of current contracting plans, FSA shall suspend awarding of any contract for the Interim Servicing Solution (ISS) Solicitation (Solicitation No. 91003120R0018) for a period of not less than 90 days after enactment of this Act:]</p>	<p>This language is removed because the 90-day period has passed and a contract for the Interim Servicing Solution has not been awarded as FSA is reviewing its plans for a long-term servicing solution.</p>
<p>¹⁵...<i>[Provided further,</i> That FSA may not award funding for any contract under such ISS Solicitation unless Business Process Operations (BPO) Contractors are, as borrower accounts are migrated to ISS, immediately responsible for all contact center and back-office processing, as described in BPO Solicitation No. 91003119R0008, necessary to deliver all such servicing requirements for accounts that have been migrated to ISS:]</p>	<p>This language is removed because FSA has not awarded a contract for the Interim Servicing Solution and is reviewing its plans for a long-term servicing solution.</p>
<p>¹⁶...<i>[Provided further,</i> That notwithstanding the requirements of the Federal Property and Administration Services Act of 1949, 41 U.S.C. 3101 et. Seq, as amended; parts 6, 16, and 37 of title 48, Code of Federal Regulations; or any other procurement limitation on the period of performance, the Secretary may extend the period of performance for any contract under section 456 of the HEA for servicing activities scheduled to expire on December 14, 2021 or March 30, 2022, as applicable, for up to two additional years from the date of expiration:]</p>	<p>This language is removed because FSA is working to use this authority to extend the period of performance for its legacy servicing contracts.</p>

STUDENT AID ADMINISTRATION

Amounts Available for Obligation
(dollars in thousands)

Appropriation and Adjustments	2020	2021	2022
Discretionary budget authority:			
Appropriation	\$1,768,943	\$1,853,943	\$2,053,943
Supplemental CARES (P.L. 116-136)	40,000	0	0
Supplemental CRRSAA (P.L. 116-260)	<u>0</u>	<u>30,000</u>	<u>0</u>
Subtotal, adjusted discretionary appropriation	1,808,943	1,883,943	2,053,943
Mandatory budget authority:			
Supplemental ARPA (P.L. 117-02)	<u>0</u>	<u>91,130</u>	<u>0</u>
Subtotal, adjusted mandatory appropriation	0	91,130	0
Total, appropriation	1,808,943	1,975,073	2,053,943
Unobligated balance, start of year	2,800	26,968	74,947
Recovery of prior-year obligations	86,597	0	0
Unobligated balance expiring	-139	0	0
Unobligated balance, end of year	<u>-26,968¹</u>	<u>-74,947²</u>	<u>0</u>
Total, direct obligations	1,871,233	1,927,094	2,128,890

¹ Includes unobligated balances of \$23,372 thousand from the Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136).

² Includes unobligated balances of \$6,208 thousand from the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (P.L. 116-260) and \$68,739 thousand from the American Rescue Plan Act of 2021 (P.L. 117-02).

STUDENT AID ADMINISTRATION

Obligations by Object Classification, Supplemental, CARES Act (P.L. 116-136)

(dollars in thousands)

Object Class		2020 Actual	2021 Appropriation	2022 Request	Change from 2021 to 2022
11.10	Full-time permanent	\$181,105	\$198,130	\$203,403	\$5,273
11.31	Full-time temporary	3,169	0	0	0
11.32	Part-time	788	0	0	0
11.33	Consultants	18	0	0	0
11.51	Overtime	397	435	373	-62
11.52	Awards	3,431	3,698	3,766	68
11.80	Other Compensation	<u>123</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Subtotal, Personnel Comp.	189,031	202,263	207,542	5,279
12.00	Benefits	62,790	67,811	70,494	2,683
13.10	Benefits for Former Personnel	<u>0</u>	<u>141</u>	<u>141</u>	<u>0</u>
	Subtotal, Per. Comp & Ben.	251,821	270,215	278,177	7,962
21.00	Travel	837	1,836	3,175	1,339
22.00	Transportation of things	11	0	0	0
23.10	Rental payments to GSA	18,400	19,191	19,157	-34
23.31	Communications	0	0	0	0
23.32	Postage/fees	<u>33</u>	<u>33</u>	<u>33</u>	<u>0</u>
	Subtotal, 23	18,433	19,224	19,190	-34
24.00	Printing and reproduction	18	27	30	3
25.10	Advisory and assistance services	1,895	2,138	611	-1,527
25.21	Other services	1,078,934	943,722	999,078	55,356
25.22	Training/Tuition/Contracts	522	1,942	2,322	380
25.30	Goods/Services from Gov't	42,001	47,406	48,983	1,577
25.40	Operations/Maint of Facilities	0	0	0	0
25.71	Operations/Maint of Equipment	4	0	0	0
25.72	IT Services/Contracts	<u>458,672</u>	<u>570,571</u>	<u>701,859</u>	<u>131,288</u>
	Subtotal, 25	1,582,028	1,565,779	1,752,853	190,670
26.00	Supplies	128	286	315	29
31.10	IT Equipment/Software	167	172	203	31
31.30	Other Equipment	<u>1,112</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Subtotal, 31	1,279	172	203	31
32.00	Building Alterations	49	0	0	0
43.10	Prompt payment interest	1	0	0	0
	Total, Obligations	1,854,605	1,857,539	2,053,943	196,404

STUDENT AID ADMINISTRATION

Obligations by Object Classification, Supplemental, CARES Act (P.L. 116-136)

(dollars in thousands)

Object Class		2020 Actual	2021 Appropriation	Change from 2020 to 2021
11.10	Full-time permanent	\$48	\$3,533	\$3,485
11.31	Full-time temporary	0	0	0
11.32	Part-time	0	0	0
11.33	Consultants	0	0	0
11.51	Overtime	0	0	0
11.52	Awards	0	0	0
11.80	Other Compensation	0	0	0
	Subtotal, Personnel Comp.	48	3,533	3,485
12.00	Benefits	23	1,108	1,085
13.10	Benefits for Former Personnel	0	0	0
	Subtotal, Per. Comp & Ben.	71	4,641	4,570
21.00	Travel	0	0	0
22.00	Transportation of things	0	0	0
23.10	Rental payments to GSA	0	0	0
23.31	Communications	0	0	0
23.32	Postage/fees	0	0	0
	Subtotal, 23	0	0	0
24.00	Printing and reproduction	0	0	0
25.10	Advisory and assistance services	0	0	0
25.21	Other services	16,557	18,731	2,174
25.22	Training/Tuition/Contracts	0	0	0
25.30	Goods/Services from Gov't	0	0	0
25.40	Operations/Maint of Facilities	0	0	0
25.71	Operations/Maint of Equipment	4	0	0
25.72	IT Services/Contracts	0	0	0
	Subtotal, 25	16,557	18,731	2,174
26.00	Supplies	0	0	0
31.10	IT Equipment/Software	0	0	0
31.30	Other Equipment	0	0	0
	Subtotal, 31	0	0	0
32.00	Building Alterations	0	0	0
43.10	Prompt payment interest	0	0	0
	Total, Obligations	16,628	23,372	6,744

STUDENT AID ADMINISTRATION

Obligations by Object Classification, Supplemental, CRRSAA Act (P.L. 116-260)

(dollars in thousands)

Object Class		2021 Appropriation	2022 Request	Change from 2021 to 2022
11.10	Full-time permanent	0	\$4,222	\$4,222
11.31	Full-time temporary	0	0	0
11.32	Part-time	0	0	0
11.33	Consultants	0	0	0
11.51	Overtime	0	0	0
11.52	Awards	0	0	0
11.80	Other Compensation	<u>0</u>	<u>0</u>	<u>0</u>
	Subtotal, Personnel Comp.	0	4,222	4,222
12.00	Benefits	0	1,986	1,986
13.10	Benefits for Former Personnel	<u>0</u>	<u>0</u>	<u>0</u>
	Subtotal, Per. Comp & Ben.	0	6,208	6,208
21.00	Travel	0	0	0
22.00	Transportation of things	0	0	0
23.10	Rental payments to GSA	0	0	0
23.31	Communications	0	0	0
23.32	Postage/fees	<u>0</u>	<u>0</u>	<u>0</u>
	Subtotal, 23	0	0	0
24.00	Printing and reproduction	0	0	0
25.10	Advisory and assistance services	0	0	0
25.21	Other services	\$23,792	0	-23,792
25.22	Training/Tuition/Contracts	0	0	0
25.30	Goods/Services from Gov't	0	0	0
25.40	Operations/Maint of Facilities	0	0	0
25.71	Operations/Maint of Equipment	0	0	0
25.72	IT Services/Contracts	<u>0</u>	<u>0</u>	<u>0</u>
	Subtotal, 25	23,792	0	-23,792
26.00	Supplies	0	0	0
31.10	IT Equipment/Software	0	0	0
31.30	Other Equipment	<u>0</u>	<u>0</u>	<u>0</u>
	Subtotal, 31	0	0	0
32.00	Building Alterations	0	0	0
43.10	Prompt payment interest	0	0	0
	Total, Obligations	23,792	6,208	-17,584

STUDENT AID ADMINISTRATION

Obligations by Object Classification, Supplemental, ARP Act (P.L. 117-02)

(dollars in thousands)

Object Class		2021 Appropriation	2022 Request	Change from 2021 to 2022
11.10	Full-time permanent	0	0	0
11.31	Full-time temporary	0	0	0
11.32	Part-time	0	0	0
11.33	Consultants	0	0	0
11.51	Overtime	0	0	0
11.52	Awards	0	0	0
11.80	Other Compensation	<u>0</u>	<u>0</u>	<u>0</u>
	Subtotal, Personnel Comp.	0	0	0
12.00	Benefits	0	0	0
13.10	Benefits for Former Personnel	<u>0</u>	<u>0</u>	<u>0</u>
	Subtotal, Per. Comp & Ben.	0	0	0
21.00	Travel	0	0	0
22.00	Transportation of things	0	0	0
23.10	Rental payments to GSA	0	0	0
23.31	Communications	0	0	0
23.32	Postage/fees	<u>0</u>	<u>0</u>	<u>0</u>
	Subtotal, 23	0	0	0
24.00	Printing and reproduction	0	0	0
25.10	Advisory and assistance services	0	0	0
25.21	Other services	\$22,391	\$68,739	\$45,348
25.22	Training/Tuition/Contracts	0	0	0
25.30	Goods/Services from Gov't	0	0	0
25.40	Operations/Maint of Facilities	0	0	0
25.71	Operations/Maint of Equipment	0	0	0
25.72	IT Services/Contracts	<u>0</u>	<u>0</u>	<u>0</u>
	Subtotal, 25	22,391	68,739	45,348
26.00	Supplies	0	0	0
31.10	IT Equipment/Software	0	0	0
31.30	Other Equipment	<u>0</u>	<u>0</u>	<u>0</u>
	Subtotal, 31	0	0	0
32.00	Building Alterations	0	0	0
43.10	Prompt payment interest	0	0	0
	Total, Obligations	22,391	68,739	45,348

STUDENT AID ADMINISTRATION

Summary of Changes (dollars in thousands)

2021	\$1,853,943
2021 Supplemental CRRSA Act (P.L. 116-260) (non-add)	(30,000)
2021 Mandatory Supplemental, ARP Act (P.L. 117-02) (non-add) ...	(91,130)
2022	<u>2,053,943</u>
Net change	+200,000

Increases:	<u>2021</u> <u>Appropriation</u>	<u>Change</u> <u>from Base</u>
<u>Built-in:</u>		
Increase in salaries and benefits primarily for increased benefits for FERS contribution rates, a 2.7 percent pay raise to support 1,584 FTE, awards, and overtime	\$270,215	+\$7,962
<u>Program:</u>		
Increase in contracted IT services primarily for Student Aid and Borrower Eligibility Reform (SABER) activities	570,571	+131,288
Increase in other services primarily for legacy loan servicing	940,126	+58,952
Increase in goods and services from the Government	47,406	+1,577
Increase in travel	1,836	+1,339
Increase in Training/Tuition/Contracts	1,942	+380
Increase in IT equipment/software	172	+31
Increase in supplies	286	+29
Increase in printing and reproduction	27	<u>+3</u>
Subtotal, increases		+201,561

STUDENT AID ADMINISTRATION

Summary of Changes—Continued (dollars in thousands)

	2021 <u>Appropriation</u>	Change <u>from Base</u>
Decreases:		
<u>Built-in:</u>		
Rental Payments to GSA	\$19,191	-\$34
<u>Program:</u>		
Decrease in advisory and assistance services	2,138	<u>-1,527</u>
Subtotal, decreases		-1,561
Net Change		+200,000

STUDENT AID ADMINISTRATION

Authorizing Legislation
(dollars in thousands)

Activity	2021 Authorized	2021 Appropriation	2022 Authorized	2022 Request
Student aid administration (<i>Higher Education Act of 1965, I-D</i>)	<u>0</u> ¹	<u>\$1,853,943</u>	<u>To be determined</u> ²	<u>\$2,053,943</u>
Total appropriation		1,853,943		2,053,943
Portion of request not authorized				2,053,943

¹ The program was authorized in 2021 through appropriation language.

² The GEPA extension expired September 30, 2015; reauthorizing legislation is sought for fiscal year 2022.

STUDENT AID ADMINISTRATION

Appropriations History (dollars in thousands)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2013	1,126,363	1,043,387 ¹	1,126,363 ¹	978,924 ²
2014	1,050,091 ³	N/A ⁴	1,044,301	1,166,000 ⁵
2015	1,446,924 ⁶	N/A ⁴	1,446,924 ⁷	1,396,924
2016	1,581,854	1,446,924 ⁸	1,361,700 ⁸	1,551,854
2017	1,631,990	1,551,854 ⁹	1,546,854 ⁹	1,576,854 ⁹
2018	1,697,711	1,697,711 ¹⁰	1,576,854 ¹⁰	1,678,943 ¹⁰
2019	1,772,000	1,678,943 ¹¹	1,678,943 ¹¹	1,678,943 ¹¹
2020	1,812,000	1,678,943 ¹²	1,778,943 ¹²	1,768,943 ¹²
2020 CARES Supplemental	0	0	0	40,000 ¹³

¹ 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.

² Total transfer \$9,888 thousand to Program Administration, Office for Civil Rights and Office of Inspector General.

³ 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.

⁴ The House allowance is shown as N/A because there was no Subcommittee action.

⁵ Excludes \$996 thousand transferred from Department of Health and Human Services to Department of Education for the Health Education Assistance Loan program.

⁶ 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.

⁷ The level for the Senate allowance reflects Senate Subcommittee action only.

⁸ 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.

⁹ 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.

¹⁰ 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).

¹¹ 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).

¹² The level for the House reflects Committee action on the regular annual 2020 appropriations bill; the Senate allowance reflects the Chairman's mark; the Appropriation reflects the Further Consolidated Appropriations Act, 2020 (P.L. 116-94).

¹³ The Appropriation reflects the supplemental funds from the Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136).

STUDENT AID ADMINISTRATION

Appropriations History—continued

(dollars in thousands)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2021	1,883,309	1,768,943 ¹	1,868,943 ¹	1,853,943 ¹
2021 CRRSAA Supplemental	0	0	0	30,000 ²
2021 Mandatory ARP Supplemental	0	0	0	91,130 ³
2022	2,053,943			

¹ The level for the Senate Allowance reflects the Chairman's mark; the Appropriation reflects Division H of the Consolidated Appropriations Act, 2021 (P.L. 116-260).

² The Appropriation reflects supplemental funds from Division M of the Consolidated Appropriations Act, 2021 (P.L. 116-260).

³ The Appropriation reflects the American Rescue Plan Act of 2021 (P.L. 117-02).

STUDENT AID ADMINISTRATION

Significant Items in FY 2021 Appropriations Reports

Ability to Benefit

- Senate: The Committee reiterates the directive included in the fiscal year 2020 explanatory statement that directs the Department to issue guidance within 60 days of enactment that serves as a simple and clear resource for implementing Ability to Benefit at institutions of higher education.
- Response: The Department released an electronic announcement on January 15, 2021 to supplement pre-existing guidance in DCL GEN 16-09, which can be located at <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-01-15/ability-benefit-frequently-asked-questions-ea-id-ope-announcements-21-02>.
- Explanatory Statement: In addition to the language in House Report 116-450, the Department is directed to implement the directive included in the fiscal year 2020 explanatory statement and issue guidance within 90 days of enactment of this Act that serves as a simple and clear resource for implementing Ability to Benefit at institutions of higher education (IHEs).
- Response: The Department released an electronic announcement on January 15, 2021 to supplement pre-existing guidance in DCL GEN 16-09, which can be located at <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-01-15/ability-benefit-frequently-asked-questions-ea-id-ope-announcements-21-02>.

Federal Student Aid Feedback System and Ombudsman Group

- House: The Federal Student Aid Feedback System may be used by the public to submit feedback, report an issue or complaint, send a suggestion, provide information about a suspicious activity or an alleged scam, dispute a resolution, or give feedback about the Federal financial aid experience. The Ombudsman Group at the Department is a neutral, informal, and confidential resource to help resolve disputes about Federal student aid. Unfortunately, many borrowers do not know that the Department provides these services. The Committee directs the Department and student loan servicers to inform all consumers who express concern with their student aid experience of the services offered by the Federal Student Aid Feedback System and the Federal Student Aid Ombudsman Group. The Committee directs the Department to prominently display links to the Federal Student Aid Feedback System and the Federal Student Aid Ombudsman Group at the top of <https://studentaid.gov/>, the Department of Education's home page and any customer facing Federal Student Aid website. Within 120 days of enactment of this Act, the Committee directs the Department to update the Committees on Appropriations on these efforts to improve knowledge of the Federal Student Aid Feedback System and the Federal Student Aid Ombudsman Group.

STUDENT AID ADMINISTRATION

Significant Items in FY 2021 Appropriations Reports—continued

Response The Department has provided the update as directed. The Department will relocate the links to the Feedback Center and FSA Ombudsman Group online portals from the current location to the top of each page on its website, <https://studentaid.gov/>. The Department will also direct its contracted loan servicers to update headers on their respective home pages to include links to the Feedback Center and to the FSA Ombudsman Group by summer 2021.

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.

Response The Department will continue providing the requested quarterly reports to the Committees as directed.

Explanatory Statement In addition to the directives in House Report 116-450, the agreement continues to direct the Department to provide to the Committees quarterly reports detailing its obligation amounts and plan by quarter for student aid administrative activities, broken out by servicer, Next Gen contractor and activity, and detailing contract expenses, performance metric outcomes, total number of loans, and number of unique borrowers, broken out by servicer, Next Gen contractor and for each private collection agency. The agreement also directs the Department to provide performance metrics outcomes for each servicer and each private collection agency as used to allocate borrower accounts or loan volume, regardless of whether such metrics are under review.

Response The Department will continue to provide the requested quarterly reports to the Committees as directed.

Next Generation Activities

Senate In an effort to further promote transparency concerning NextGen, the Committee directs FSA to provide to the Committees on Appropriations, the House Committee on Education and Labor, and the Senate Committee on Health, Education, Labor, and Pensions, within 45 days of enactment of this Act, all contracts pertaining to Next Gen, including Digital and Customer Care, Enhanced Processing Solution, and Business Process Operations. FSA is further directed to provide a detailed description of the accountability provisions pertaining to each contract within 45 days of enactment of this Act, as well.

STUDENT AID ADMINISTRATION

Significant Items in FY 2021 Appropriations Reports—continued

Response The Department has provided the requested deliverable.

Explanatory Statement In addition to the directives in House Report 116-450, the Department is directed to brief the Committees not later than 120 days after enactment of this Act on how State and Nonprofit Subcontracting will be incorporated into Next Gen. Further, such briefing should address concerns about small business subcontracting spending requirements at the Department, including how such requirements are determined agency-wide and for specific solicitations.

Response The Department looks forward to briefing the Committees.

Perkins Servicing

Explanatory Statement The agreement continues the authority for the Department to provide administrative cost allowances for IHEs servicing outstanding Perkins loans. The agreement is concerned that the Department has not utilized this authority. The agreement directs the Department to provide a report to the Committees outlining why this authority has not been used, the number of institutions eligible under this authority, and an assessment of the potential costs to the Student Aid Administration account should such authority be fully utilized.

Response The Department will provide the requested report.

[Click here for accessible version](#)

DEPARTMENT OF EDUCATION FISCAL YEAR 2022 PRESIDENT'S BUDGET
(in thousands of dollars)

	Cat Code	2020 Appropriation	2021 Appropriation	2022 Request	2022 Request Compared to 2021 Appropriation	
					Amount	Percent
<i>Student Aid Administration (HEA I-D and IV-D, section 458)</i>						
1. Salaries and expenses	D	878,943	981,954	1,133,354	151,400	15.42%
2. Servicing activities	D	890,000	871,989	920,589	48,600	5.57%
Total		1,768,943	1,853,943	2,053,943	200,000	10.79%

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

STUDENT AID ADMINISTRATION

Student Aid Administration

(Higher Education Act of 1965, I-D)

(dollars in thousands)

FY 2022 Authorization: To be determined¹

Budget Authority:

	<u>2021</u> <u>Appropriation</u>	<u>2022</u> <u>Request</u>	<u>Change from</u> <u>2021 to 2022</u>
Personnel Comp. & Ben. Costs	\$270,215	\$278,177	+\$7,962
Non-Personnel Costs, excluding Loan Servicing Costs	<u>711,739</u>	<u>855,177</u>	<u>+143,438</u>
Subtotal, Salaries and Expenses	981,954	1,133,354	+151,400
Loan Servicing Costs	<u>871,989</u> ²	<u>920,589</u>	<u>+48,600</u>
Total, Student Aid Administration	1,853,943	2,053,943	+200,000
Supplemental Appropriation, CRRSA Act (P.L. 116-260)	30,000	0	-30,000
Mandatory Supplemental Appropriation, ARP Act (P.L. 117-02)	91,130	0	-91,130
FTE	1,584 ³	1,584 ⁴	0

¹The GEPA extension expired September 30, 2015; reauthorizing legislation is sought for fiscal year 2022.

² The 2021 appropriation column reflects the updated Servicing reestimate of \$871,989 thousand.

³ The 2021 FTE total does not include 36 FTE related to and funded by CARES.

⁴ The 2022 FTE total does not include 46 FTE related to and funded by CRRSAA.

STUDENT AID ADMINISTRATION

PROGRAM DESCRIPTION

The Student Aid Administration (SAA) account provides funds to administer the Federal student financial assistance programs authorized under Title IV of the Higher Education Act (HEA) of 1965. 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 million student financial aid applications; disbursing nearly \$131 billion in Direct Loans, including consolidation loans, and approximately \$40.9 billion in Pell grants during fiscal year 2022; administering a loan portfolio of more than \$1.5 trillion; and protecting students and taxpayers by ensuring that Federal resources are used appropriately.

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. 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.

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 \$27.1 billion to 6.3 million low- and moderate-income undergraduate students during the 2020–2021 award year, with an average award of \$4,305. The maximum Pell Grant award for the 2021–2022 award year is \$6,495.

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 2022, the Department anticipates it will originate \$92 billion in new Direct Loans, excluding Consolidation Loans.

SAFRA (Student Aid and Fiscal Responsibility Act), Title II, Part A of the Health Care Education Reconciliation Act, 2010, ended the Federal Family Education Loan (FFEL) program's authority to originate new Federal student loans. In the FFEL Program, private lenders provided funds, which are insured by loan guaranty agencies and then reinsured by the Government. 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

STUDENT AID ADMINISTRATION

agencies continue to service and collect some outstanding loans in the FFEL portfolio. FSA services government held-FFEL 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 2022 request.

Funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2017.....	\$1,576,854
2018.....	1,678,943
2019.....	1,678,943
2020.....	1,768,943
2020 CARES Act.....	40,000
2021.....	1,853,943
2021 CRRSA.....	30,000
2021 Mandatory ARP Act.....	91,130

FY 2022 BUDGET REQUEST

The Administration requests \$2.1 billion to administer the Federal student aid programs in fiscal year 2022, which is \$200 million more than the fiscal year 2021 appropriation. The requested funds are necessary to implement the *FAFSA[®] Simplification Act* and *FUTURE Act*, provide high-quality loan servicing to more than 40 million student loan borrowers, and protect the personally identifiable information of approximately 75 million parents and students.

The fiscal year 2022 request includes the following major categories:

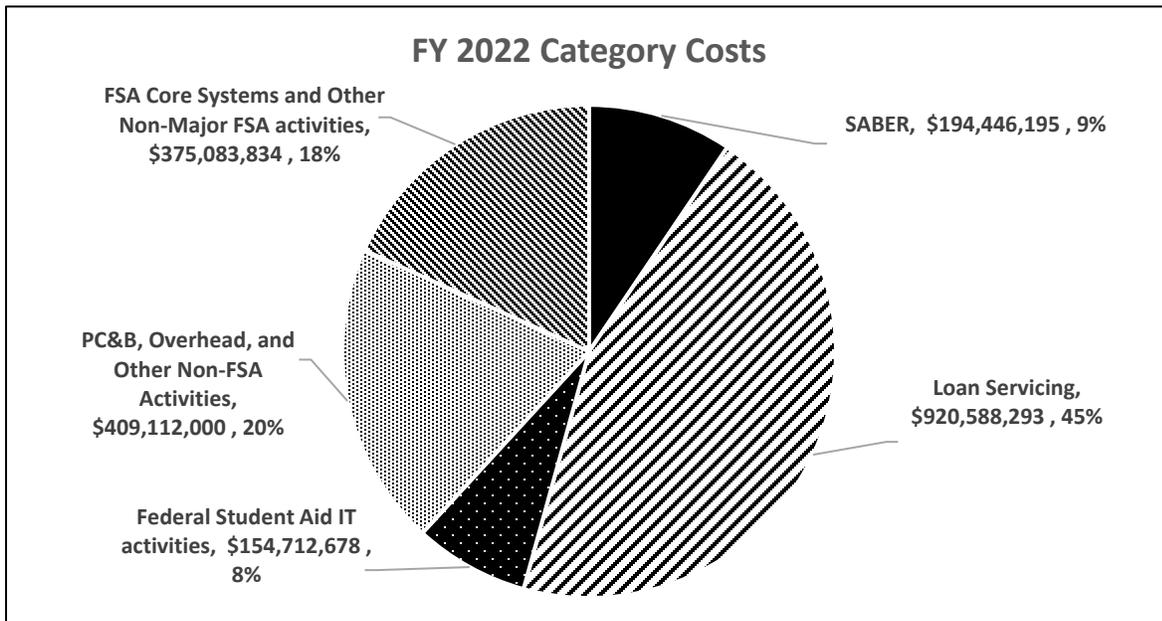
- 1) Student Aid and Borrower Eligibility Reform (SABER) initiative** totals \$194.4 million, an increase of \$91.2 million more than the fiscal year 2021 appropriation. **The increased costs are necessary for implementing the requirements in the *FAFSA[®] Simplification Act, FUTURE Act***, and work necessary for a re-engineered Aid Eligibility and Determination System. Additional information is provided on page AA-26.
- 2) Loan servicing activities** total \$920.6 million, an increase of \$48.6 million more than the fiscal year 2021 appropriation. The higher level reflects an increase in average cost per borrower associated with the COVID payment pause ending in September 2021 as well as higher overall servicing volume. More information is provided on page AA-28.
- 3) Federal Student Aid IT activities** total \$154.7 million, an increase of \$36.2 million more than the fiscal year 2021 appropriation. Increased costs are necessary to support activities to protect against security breaches and to ensure protection of borrowers' personal information as well as providing the necessary IT infrastructure for FSA's data storage. More detail is provided on page AA-30.

STUDENT AID ADMINISTRATION

- 4) **FSA Core Systems and Other Non-Major FSA activities** total \$375.1 million, a net increase of \$2.1 million more than the 2021 appropriation. The fiscal year 2022 funding request is needed to provide the support to core system costs including Common Origination and Disbursement (COD), Digital and Customer Care (DCC), call centers associated with the Business Process Operations (BPO), and other systems that support FSA's core activities that assist with supporting students and borrowers throughout the financial aid lifecycle. Additional information is provided on Z-33.
- 5) **Personnel Compensation and Benefits (PC&B), Overhead, and Other Non-FSA Activities** total \$409.1 million, a net increase of \$21.9 million more than the 2021 appropriation. For fiscal year 2022, PC&B totals \$278.2 million, which is an \$8 million increase from the 2021 appropriation. The increased costs include a proposed Governmentwide 2.7 percent pay raise and increase in benefits to support the 1,453 Full-Time Equivalent (FTE) in FSA and the 131 FTE for non-FSA offices. Additionally, \$130.9 million, \$15.5 million more than the fiscal year 2021 appropriation of \$115.4 million, is for overhead and other non-FSA activities, primarily for increases in enterprise cybersecurity, network support, and the Grants Management System redesign project. More information is provided on Z-38.

FY 2022 Categorical Costs

The below chart includes the FY 2022 funding requests by category and percent of the total fiscal year 2022 Budget.



STUDENT AID ADMINISTRATION

Fifty-five percent of the fiscal year 2022 Budget Request includes support for the SABER initiative and legacy loan servicing. Personnel Compensation and Benefits for 1,584 FTE and Overhead costs (e.g., central support, central information technology, non-FSA offices) account for twenty percent of the request with FSA core systems, other non-major FSA activities, and FSA IT representing twenty-five percent.

The following sections provide descriptions of each categories' initiatives and select activities.

Student Aid and Borrower Eligibility Reform (SABER): \$194.4 million

The *FUTURE Act* amends Section 6103 of the Internal Revenue Code (IRC) and allows for certain taxpayer information to be shared with the U.S. Department of Education through FSA for the purposes of the administering the Free Application for Federal Student Aid (FAFSA®) form, income-driven repayment (IDR) plans, and total and permanent disability (TPD) discharge programs.

The *Consolidated Appropriations Act, 2021* amends confidentiality requirements stated in IRC section 6103 to allow individuals to share Federal Tax Information (FTI) among family members, and included the *FAFSA® Simplification Act*, which modifies the student aid eligibility determination, disbursement, and verification process by changing how aid eligibility (e.g., Federal Pell grants) is calculated and determined.

The *FUTURE Act* and certain provisions of the *FAFSA® Simplification Act* fundamentally change the way students apply for and receive aid as well as how institutions of higher education and the federal government administer that aid. For example, the *FUTURE Act* and the *FAFSA® Simplification Act* introduce complex changes to intricately linked business processes, systems and partnerships including the Common Origination and Disbursement System and the National Student Loan Data System. Further, the successful implementation of the *FAFSA® Simplification Act* will depend on a modernized FAFSA backend system. Additionally, this legislation will impact the financial aid community (e.g., schools, software vendors, state agencies, etc.) and require substantive changes to their processes and systems.

Since both legislative mandates leverage much of the same group of subject matter experts and business units across FSA to deliver changes to the FAFSA, IDR and TPD processes, FSA initiated the Student Aid and Borrower Eligibility Reform (SABER) initiative to address the legislative changes within *FUTURE Act* and the *FAFSA® Simplification Act* and enable critical changes to the student aid and borrower eligibility determination processes.

The SABER initiative aims to implement the *FUTURE Act*, TPD post-discharge monitoring, IDR, and FAFSA solutions; provisions of the *FAFSA® Simplification Act*; the modernization of the FAFSA system through the Award Eligibility Determination (AED) solution; impacts to the Application Eligibility Determinations System (AEDS); and communications and outreach to students, parents, borrowers, and partners.

There are three main phases to implementing the *FUTURE Act* and *FAFSA® Simplification Act* with the AED Solution being integral to implementation.

STUDENT AID ADMINISTRATION

- Phase one aims to enable FSA's ability to request and receive certain FTI from the Internal Revenue Service (IRS) through the *FUTURE Act* Direct Data Exchange (FA-DDX). The IRS will build the FA-DDX interface and FSA will begin the development of the systems that connect with the interface.
- Phase two includes updates to FSA systems and processes to enable the new FAFSA process. FSA will implement a new FAFSA backend system through the AED solution (i.e., the system that processes student aid applications and determines aid eligibility) and will make modifications to over ten FSA systems and processes, which includes the Common Origination and Disbursement system, National Student Loan Data System, Enterprise Data Warehouse and Analytics platform, Person Authentication System, Access and Identify Management System, Student Aid Information Gateway, and the Digital Customer Care platform.
- Phase three enables FSA's work with its partners - schools, state agencies, and designated scholarship organizations - as they update their systems and processes to implement the *FUTURE Act and FAFSA Simplification Act*

Until the implementation of the *FUTURE Act* and *FAFSA® Simplification Act* is entirely complete through phase one, FSA will need to continue its interagency agreements with IRS for the IRS Data Retrieval Tool (DRT), which provides applicants access to specific data elements from their individual tax return and a secure way to transfer data to complete tax-related sections on the online FAFSA® form and IDR application. This tool allows federal aid applicants and student loan borrowers a convenient and simplified way for applying for aid and options for repayment, while reducing the submission of inaccurate financial information.

As part of phase two, FSA will need to implement the changes from the *FUTURE Act* and *FAFSA® Simplification Act* into the FAFSA backend system, which is currently the Central Processing System (CPS). Through the Application and Eligibility Determination System (AEDS) contract, CPS calculates eligibility for student aid and enables the FAFSA form through StudentAid.gov, the myStudentAid mobile app, phone, and paper channels. The AEDS contract also provides FSA's partners with products to support the administration of student aid such as FAA Access, EDEXpress and Participation Management. CPS is a legacy system that runs on a mainframe, which results in increased delivery time and expenses to make required system and business changes. With the two pieces of legislation requiring alterations to functional and business requirements of CPS, FSA must redesign CPS through the AED solution. AED will improve upon CPS by increasing FSA's agility, efficiency, stability, and security in delivering changes to students and families. By upgrading the capabilities of CPS, FSA aims to realize the benefits of the *FUTURE Act* and *FAFSA® Simplification Act*, while minimizing the risk for critical system issues in functionality and customer experience.

While the AED modernization activity is key to the SABER initiative, the extension of the AEDS contract ensures continual operations and maintenance and development activities for the CPS and products for FSA's partners.

STUDENT AID ADMINISTRATION

The fiscal year 2022 request for the SABER initiative is \$194.4 million, an increase of \$91.2 million more than the \$103.2 million in the fiscal year 2021 appropriation. The fiscal year 2022 request will support \$165 million for operations and maintenance and development activities to support changes from the *FUTURE Act* and *FAFSA® Simplification*. These activities include the development of the new FAFSA backend system; development and operations of the systems that will manage and store federal tax information; and implementation of system and process changes based on the *FUTURE Act* and *FAFSA Simplification Act*. Additionally, \$12.8 million will support the CPS legacy system's development and operations of the 2023-2024 FAFSA form, and \$16.6 million is necessary for the IRS DRT interagency agreements for the FAFSA and IDR forms.

Loan Servicing: \$920.6 million

On March 20, 2020, in response to the COVID-19 emergency, FSA began providing temporary relief on ED-owned federal student loans through suspending loan payments, halting collections on defaulted loans, and instituting a 0% interest rate. One week later, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law, extending the relief through September 30, 2020, while adding several borrower benefits and protections. The COVID-19 emergency relief measures were extended two more times in August 2020 and December 2020. On January 20, 2021, President Biden extended the payment pause for Direct Loan borrowers through September 30, 2021. In March 2021, the Department expanded the emergency relief measures to federal student loans made through the FFEL Program that are in default. During fiscal year 2021, the Department was able to provide this payment relief to approximately 25 million borrowers. An even higher number of borrowers have benefited from the suspension of interest accrual; the Department estimates the 0% interest rate is saving borrowers at least \$5 billion each month alone.

Entering Repayment

When payments resume, the Department must ensure that the transition back into repayment is as smooth as possible. Certain groups of borrowers are at particularly high risk of delinquency when payments resume. For example, the payment pauses effectively "cured" any borrowers who were delinquent at the time of the pause. As a result, approximately 3.9 million borrowers shifted out of delinquency status through the government-provided forbearance. The Department acknowledges that these borrowers are at high risk of re-entering delinquency, and eventually defaulting, once the payment pause ends. In addition, many borrowers who completed undergraduate study during the payment pause have never had to make student loan payments at all, which could also present special challenges. Further, some Americans have experienced unemployment or decreased earnings during the pandemic, and as a result, some borrowers who were current on their payments prior to the pause may be at higher risk of delinquency. The Department is preparing to assist all borrowers in resuming payments with a particular focus on those who are at risk. The Department will execute a multi-channel communication and engagement plan, which will raise awareness of the resumption of payments and direct all borrowers, particularly those who need assistance, towards available resources. FSA is planning to collaborate with borrower advocates, Congressional offices, schools, and community-based groups when providing return to repayment education. Additionally, media outlets will also be used as another avenue for publishing accurate

STUDENT AID ADMINISTRATION

information about how borrowers can navigate returning to repayment. The Administration is also considering a range of initiatives to improve the processing of existing loan discharge programs and ease the transition back into repayment for borrowers who struggle once payments resume. We will share more information on these initiatives as it becomes available. Loan servicers will also play a key role in helping borrowers and the Department will work with servicers to ensure that borrowers are getting adequate outreach regarding payment resumption and assistance to meet their repayment needs. The Department is committed to ensuring that borrowers can successfully resume student loan repayment and remain in good-standing with their student loans. The *CARES Act*, the *Consolidated Appropriations Act, 2021*, and the *American Rescue Plan Act of 2021* provided additional funding to prepare and respond to the coronavirus, which will allow FSA to use some of this funding for borrower outreach.

Loan Servicing

Currently, the Department has eight loan servicers; however, the current legacy servicing contracts are set to expire in December 2021 and March 2022 for the Title IV Additional Servicers and the Not-for-Profit servicers, respectively. The Department anticipates using the authority provided in the Consolidated Appropriations Act 2021 to extend legacy loan servicing to ensure stable operations while also working to develop a long-term servicing solution. Extending the legacy loan servicing contracts will give the Department the ability to focus on major challenges including ensuring a smooth transition out of the payment pause and implementing the FAFSA Simplification Act and FUTURE Act as quickly as possible. In both the extension of legacy servicing and the development of a long-term servicing solution, the Department will be focused on improving outcomes for student loan borrowers including increased oversight and accountability of servicers. It should be noted that the Department has established a robust Quality Assurance (QA) framework to oversee its extended workforce, including loan servicers. This QA framework leverages industry best practices of establishing multiple lines of oversight within FSA and targeted risk-based reviews. Specifically, the Department has enhanced operational reporting, established vendor liaisons, renewed its focus on customer listening and complaint analysis and partnered with federal regulators like the Consumer Financial Protection Bureau and the Federal Trade Commission.

The budget includes \$920.6 million for loan servicing activities, a net increase of \$48.6 million more than the \$872 million in the fiscal year 2021 appropriation. Servicing costs are contingent on the total number of borrowers being serviced and the distribution of those borrowers across the various pricing tiers, which are differentiated by loan status (e.g., in-school, in-grace, in-repayment, forbearance/deferment, delinquency and COVID forbearance). The net increase is the result of borrowers who are anticipated to transition from COVID forbearance to the higher priced in-repayment servicing tier, and overall increases in servicing volume.

The fiscal year 2022 request includes \$812.0 million for operations and maintenance and system development work for legacy loan servicing; \$81.2 million for operations and maintenance and development work of the Debt Management Collection System; \$22.4 million for operations and maintenance and development activities for Perkins Loan and Health Education Assistance Loan servicing, Teacher Education Assistance for College and Higher Education grant tracking and servicing costs, Total and Permanent Disability application

STUDENT AID ADMINISTRATION

processing and servicing, and Public Service Loan Forgiveness application processing; and \$5.0 million for Treasury lockbox services.

Federal Student Aid IT activities: \$154.7 million

With increased cybersecurity risks across government and organizations, security threats may come in many forms including patching vulnerabilities, ransomware, and phishing attacks. FSA takes seriously the ongoing security threats to operations and the real risks of compromising borrowers' personal information not just at FSA, but also at institutions of higher education. FSA has been dedicated to working with schools to safeguard students' data and has provided multiple presentations to education professionals on FSA's role in assisting schools with addressing cybersecurity findings. Additionally, FSA continues to collaborate with OCIO to ensure compliance with the Federal Information Technology Acquisition Reform Act and other IT requirements. During fiscal year 2021, many core operations were partially funded to start the necessary work of the SABER initiative. The increase in the fiscal year 2022 request for IT activities is to fully fund operations and maintenance.

The below descriptions provide details for most of FSA's IT activities.

FSA Cybersecurity Program: \$50.6 million

The FSA Cybersecurity Program protects information assets including data, IT infrastructure, and applications for the third largest Federal repository of sensitive personally identifiable information (PII), as well as a \$1.5 trillion student loan portfolio. The FSA Cybersecurity Program strives to improve IT security by increasing situational awareness, improving network monitoring and continued incident response, conducting formal security authorizations, securing operations of FSA systems, managing security vulnerabilities at an acceptable risk level and documenting FSA security guidelines. FSA must comply with the Federal Information Security Modernization Act (FISMA) of 2014 through testing, verification, and validation of the security controls of approximately 75 reportable FSA systems. The fiscal year 2022 request includes \$50.6 million to support continuation of existing services and new or expanded capabilities to address known gaps and threats.

The \$13.8 million increase allows FSA to address several major shortfalls or new programs through the expansion of the continuous monitoring program to the Servicers, TIVAS, and systems hosted by third party vendors, and the integration of automated data feeds enabling situational awareness and monitoring for all FSA information systems. The *FUTURE Act* requires FSA to create a Safeguards organization that ensure the people, process and technology are available to protect Federal Tax Information. The final major increase focuses on the complete integration of all FSA information systems in a continuous assessments program that ensures FISMA compliance and verifies the cyber hygiene for each information system in a continuous and repetitive cycle.

STUDENT AID ADMINISTRATION

Next Generation Data Center (NGDC) and Data Center Dedicated Circuits: \$56.5 million

NGDC serves as the host facility for FSA applications that process student financial aid applications (grants, loans, and work-study), provides schools and lenders with eligibility determinations, and supports payments from and repayment to lenders. The NGDC is organized around four types of components: network infrastructure, midrange servers (Microsoft Windows platforms, UNIX/Linux platforms), IBM mainframes, and components in the cloud. The NGDC supports a technical infrastructure that aligns closely with FSA strategic drivers, business objectives, and mission goals. It leverages security measures to ensure the protection of controlled unclassified information; increased availability and reliability of the services that support FSA operations; improved elasticity and scalability of resources to the cloud environment and preservation of legacy mainframe capabilities and infrastructure.

Additionally, the Data Center Dedicated Circuits provides the telecommunications backbone to FSA systems and call centers. Network services include NGDC, call centers and Managed Trusted Internet Protocol Service for Common Origination and Disbursement and DMCS, which is used to support system management functions and inquiries into data processing by external stakeholders. Data Center Dedicated Circuits includes data and voice lines and toll-free numbers.

The fiscal year 2022 request includes \$56.5 million for operations and maintenance and is necessary for planning the closure of the physical data center and migration of applications to the cloud environment.

Enterprise Software Licensing (ESL): \$19.5 million

ESL is the agency's licensing expense that supports numerous technologies and platforms for business systems. This function consolidates and establishes enterprise-wide agreements for similar types of software to reduce licensing duplication to gain economies of scale and benefit from volume pricing discounts.

The fiscal year 2022 request is \$19.5 million, an increase of \$4.1 million more than the \$15.4 million in the fiscal year 2021 appropriation. The increase is due to the increased need for software licenses to support the Next Gen Digital and Customer Care and other enterprise activities.

Enterprise Architecture and Engineering (EAE) and Data Center Support: \$12 million

EAE provides essential IT strategy, IT Portfolio Management (PfM), IT Project Management, Capital Planning and Investment Control, Enterprise Architecture, software engineering and testing services that are critical to the operational support and execution of all key FSA business applications.

Services related to this support are:

- Technology platform and technical support services designed to provide security, control, integration, and optimized access to a full range of mobile, web, application programming interfaces and service-oriented architecture. This also includes integrated technical

STUDENT AID ADMINISTRATION

architecture, middleware architecture and transitional activities supporting cloud computing.

- Application Performance testing analysis services that ensure FSA applications are appropriately configured and enough capacity is deployed for mission critical applications in production environments within the NGDC.
- Subject matter expertise for Enterprise Architecture and Capital Planning/PfM to analyze, design, plan and implement enterprise solutions to successfully execute business strategies. This support helps FSA structure IT projects and policies to achieve desired business results and stay up to date with industry trends. IT engineering expertise is also, provided to ensure technical solutions meet FSA requirements, represent industry best practices, and implement FSA IT engineering processes that evaluate and improve design standards.
- Project Management support for project governance, project reporting, project prioritization, risk and schedule management and project management training.

The fiscal year 2022 request includes \$12.0 million for operations and maintenance.

Identity and Access Management (IAM): \$8.7 million

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). It integrates with all new and legacy FSA applications to manage and track two-factor authentication, security training, rules of behavior acknowledgement, self-service password resets and security access policy enforcement for privileged users. IAM provides secure, efficient access to FSA systems for the approximately 80 thousand privileged users (ED, FSA, and partners) and approximately 75 million non-privileged users.

IAM provides the FSA enterprise with enhanced sign-on capability and access control for web applications to privileged users. It also provides integrated horizontal sign-on to multiple applications, thereby enforcing standardized security requirements such as identity, password complexity and multi-factor authentication.

The fiscal year 2022 request is \$8.7 million, \$2.0 million more than the 2021 appropriation. The increase is for operations and maintenance and development work for PAS and AIMS infrastructure improvements.

Enterprise Business Collaboration (EBC): \$1.9 million

EBC provides FSA and the Department a platform where the Department can collaborate across the agency with Microsoft SharePoint. EBC also, provides supports to FSA investments that are enhanced by using the Project Server and native workflow capabilities. The fiscal year 2022 request includes \$1.9 million for operations and maintenance.

STUDENT AID ADMINISTRATION

FSA Core Systems and Other Non-Major FSA Activities: \$375.1 million

There are various core systems and FSA activities that assist in federal student aid delivery throughout the student aid lifecycle. From engaging with students, parents, and borrowers; communicating with school partners; and originating and disbursing federal aid—these interactions all require support from FSA core systems and activities. This section will provide details about core systems and the Next Generation Federal Student Aid (Next Gen FSA) initiative, which is modernizing systems and business models for engaging with FSA.

The Next Gen FSA initiative started in fiscal year 2017 and has emphasized the importance of creating an improved, high-quality customer experience for FSA's millions of students and families by streamlining student aid systems and processes through consolidation of websites and alignment of supporting operations. Next Gen FSA is transforming various aspects of how FSA operates when interacting with customers and partners at postsecondary institutions.

The below sections provide descriptions of some of FSA's core systems and non-major activities in the areas of student and borrower engagement, institution engagement and data.

Student and Borrower Engagement

Next Gen Digital and Customer Care (DCC): \$99.2 million

DCC was launched in 2019 as the digital front door for students, parents, and borrowers. DCC allows customers to interact with FSA through their preferred communication channel including, web, mobile app, phone, chat, virtual assistant, email, text, or social media.

DCC includes FSA's single 1-800 number for reaching all of FSA's customer-facing contact centers, the digital platform consisting of StudentAid.gov, the myStudentAid mobile app, the customer care platform for contact centers, the marketing and communications platform for email and text messaging, and the Aidan Virtual Assistant. DCC provides modern tools to ensure students, parents and borrowers see FSA as the most trusted and reliable resource in managing federal student aid. DCC will continue to provide operational support and make necessary enhancements to existing capabilities as part of its continuous improvement plan. Those continuous improvements will allow for more automated processes, reducing the need for manual activities including, faxing, or mailing documents, all of which results in a more efficient delivery of services to customers.

Customers interact with FSA-branded channels from the time they create an FSA ID and complete their FAFSA to when they complete their program of study and prepare to start loan repayment. However, once repayment starts, borrowers interact directly with one of FSA's many loan servicers and receive less communication directly from FSA. During fiscal year 2022, DCC will develop increased self-service functionality allowing customers to make payments, upload documents, and view account information on StudentAid.gov as well as the myStudentAid mobile app. This will allow borrowers to manage their account in one central location. The customer care platform will also be expanded to include new training materials to ensure consistent answers are provided to borrowers, and the marketing and communications platform will be expanded to include, communications related to loan servicing. The fiscal year 2022

STUDENT AID ADMINISTRATION

request includes \$99.2 million for ongoing operations and maintenance as well as funding for continual development activities that amongst other objectives will grow and promote self-service capabilities.

Business Process Operations (BPO): \$51.5 million

During fiscal year 2022, BPO will begin operating contact center and back-office operations for the non-servicing activities, which includes FSA's legacy contact centers (e.g., Federal Student Aid Information Center, the Student Loan Support Center, the FSA Feedback System, the FSA Ombudsman, the Borrower Defense Hotline, the Office of Inspector General Fraud Referral and Analysis Support Center and applicant support services for students that were supported by the TIVOD contract). This is a major step in providing enhanced customer support, improving customer service, and providing operational flexibility. The \$51.5 million for fiscal year 2022 is for ongoing operations and maintenance.

The BPO contact centers will be responsible for handling much of FSA's direct communication with customers and partners including, inbound and outbound calls, email, chat, social media inquiries and physical correspondence. BPO vendors will receive on-going training from FSA to ensure they are providing customers with accurate and consistent information and are treating customers and partners equitably. Customer service representatives will have access to a customer relationship management tool, which ensures consistent call management workflows, agent access to comprehensive information on customers and partners and the ability for the agent to tap into FSA-provided resources when necessary.

Institution and Partner Engagement

Next Gen Partner Participation and Oversight (PPO) Initiative: \$48.4 million

FSA is focused on transforming the partner experience through the implementation of a new technology solution, *PartnerConnect*, and new operational approaches to address current customer and partner pain points. These pain points include the need for schools to interact with multiple systems to determine student eligibility for aid, process awards, and report and reconcile funding information. The institutional eligibility process is heavily manual and dependent on outdated, vulnerable systems that prevent FSA staff from expediting and automating many school interactions such as recertifications. Annually, FSA disburses more than \$131 billion dollars in student aid to help millions of students and their families pay for postsecondary education. More than 5,600 postsecondary institutions and other organizations are vital partners in delivering this aid. As a major first step, in early 2021 FSA launched *PartnerConnect*—a new, digital portal for our partners—at fsapartners.ed.gov. This site streamlines and modernizes the partner experience by fully integrating 15 websites into the new site with an updated look and feel and improved search capabilities. *PartnerConnect* also created a new Knowledge Center easing access to student aid program information and containing a searchable Student Aid Handbook that will help schools more quickly access information on how to effectively administer Federal student aid, which will substantially improve students' and borrowers' experience. Development is underway for a second *PartnerConnect* release in early 2022 that will replace the e-application system through which schools apply to

STUDENT AID ADMINISTRATION

participate in the Title IV aid programs, and the Postsecondary Education Participants System, one of FSA's oldest and most technically vulnerable systems.

The fiscal year 2022 request is \$48 million, an increase of \$28.4 million from the fiscal year 2021 appropriation to support operations and development work. The primary increase in funds will allow FSA to continue to address inefficiencies at partner schools by executing the next phase of *PartnerConnect*, Milestone 2 and Partner Customer Care. Milestone 2 integrates five additional partner-facing sites (ezaudit.ed.gov, FAAccess.ed.gov, experimentalsites.ed.gov, fsaconferences.ed.gov, and nsldsfap.ed.gov) to support more than 5,600 postsecondary institutions. This milestone also focuses on establishing the capabilities and services that will centralize customer service delivery by introducing proactive analytical capabilities that targets oversight resources on high-risk schools, and expands the digital presence to consolidate partner websites and business functions. The additional benefits of this investment include improving the partner experience through streamlined processes and automation, improving management and oversight capabilities, and enhancing FSA's ability to respond to legislative changes. During fiscal year 2022, the legacy contract costs for PEPS will be phased out and its functionality will be incorporated into the Next Gen PPO initiative.

Participation Management (PM): \$2.3 million

PM aids the process of granting and managing access to services provided by various FSA systems for school personnel and other FSA partners (e.g., National Student Loan Data System Transfer Student Monitoring/Financial Aid History, enrollment reporting, Common Origination and Disbursement direct loan services, FAFSA applications and Institutional Student Information Requests). PM allows FSA to maintain centralized enrollment processes for each system and service by creating a seamless interaction across FSA systems to efficiently process changes. The fiscal year 2022 request of \$2.3 million is for operations and maintenance.

Postsecondary Education Participants System (PEPS): \$1.8 million

PEPS maintains the file of eligible Title IV institutions and supports a range of processes to manage school participation and oversight by FSA. During fiscal year 2022, PEPS will be incorporated into Next Gen PPO initiative. The fiscal year 2022 request of \$1.8 million will be needed for the continual operations and maintenance of the PEPS system during the integration of the functionality into Next Gen PPO initiative.

Title IV Origination and Disbursement System (TIVODS): \$86.5 million

Through the TIVODS contract the Common Origination and Disbursement (COD) system will originate and disburse approximately \$132 billion in Pell Grants and Direct Loans to millions of student recipients in fiscal year 2022. COD interfaces with several FSA systems to verify borrower eligibility, enable funding, support loan consolidation and income-based repayment applications, provide borrower counseling, fulfill reporting and financial reconciliation requirements, and provide oversight. With the Next Gen BPO providing contact center and applicant support services for students beginning in fiscal year 2022, those services will be transitioned out of the TIVODS contract.

STUDENT AID ADMINISTRATION

The fiscal year 2022 request of \$86.5 million is needed to provide continual operations and maintenance and support development activities for optimal system performance.

eZ-Audit: \$2.8 million

eZ-Audit is a web-based application for submission of financial statements and compliance audits from institutions that participate in the Title IV program, which allows FSA to enhance program integrity and improve oversight. The fiscal year 2022 request of \$2.8 million will provide ongoing operations and maintenance and necessary support for development work.

Conference Management: \$2.5 million

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

Data Management

Next Gen Enterprise-wide Data Management and Analytics Platform Services (EDMAPS): \$18.5 million

The EDMAPS investment will provide a unified data platform and common data environment for FSA to improve accuracy and consistency of loan data through real-time data access while leveraging advanced cybersecurity measures to reduce the risk associated with managing PII data. Currently, FSA's data infrastructure is fragmented with information spread in stand-alone systems that are tethered together in a patchwork. EDMAPS will bring together some of FSA's largest data platforms, including the National Student Loan Data System; Award Eligibility Determination, the replacement for the Central Processing System; and Enterprise Data Warehouse and Analytics (EDWA). It has also created new systems to manage and reconcile data including a Data Lake and Master Data Management. Data from the student aid lifecycle will be received, loaded, curated, and archived in the Data Lake with the Master Data Management establishing a master copy of key data entities after reconciling and resolving interface discrepancies among various databases.

EDMAPS will result in a more flexible technical architecture that will allow FSA to respond to policy changes and data requests more efficiently and accurately. It will also, allow FSA to collect more data than it has in the past, providing additional insights into FSA programs, improved oversight of FSA vendors and a global view of FSA operations.

The fiscal year 2022 request of \$18.5 million is for operations and maintenance and development work.

STUDENT AID ADMINISTRATION

Enterprise Data Warehouse and Analytics (EDWA): \$9.0 million

EDWA is FSA's enterprise data warehouse that includes multiple toolsets and an analytics platform with data including the full Title IV lifecycle spanning over 15 years. EDWA leverages analytics and reporting efforts to meet the increased data requests of internal and external customers. It provides the enterprise accurate, timely and repeatable information while also allowing for data-driven decision making. EDWA will be integrated with the Next Gen Master Data Management and Data Lake components in EDMAPS, which will provide more timely and robust data for analytics and reporting purposes.

The fiscal year 2022 request of \$9.0 million is for operations and maintenance and development work. Operations and maintenance for data warehouse increases each year as FSA houses new datasets, toolsets and operationalize more models and data products. Specifically, fiscal year 2022 operations and maintenance will increase as EDWA will be hosting new DCC and PPO data feeds, supporting new toolsets and standing up its scalable analytics platform.

National Student Loan Data System (NSLDS): \$19.0 million

NSLDS fulfills a Congressional mandate from the Higher Education Act of 1992 (HEA) and is the hub for student, borrower, and partner data reporting. It maintains student-level data for the full student aid lifecycle and provides the core data for most FSA systems. The main work for NSLDS is providing administrative data on the provision of Title IV aid and providing the electronic data exchange between program participants and the system.

The transformation of NSLDS to a modern, more secure, and flexible platform is a fundamental component of the Next Gen initiative. It is a major enabling factor in the ability to deliver an enhanced customer experience. The re-platformed NSLDS will continue to meet the requirements of the HEA as amended but will do so using modern technology that better integrates with the Next Gen technology infrastructure and data systems. This will allow the organization's data system to scale more efficiently.

The fiscal year 2022 request of \$19.0 million is for operations and maintenance.

Financial Management System (FMS): \$6.6 million

FMS consolidates and manages all financial transactions from FSA feeder systems; facilitates reconciliation and internal program management and reporting; and tracks and manages payment processing for Federal Direct Loan originations and Pell Grant awards. The fiscal year 2022 request of \$6.6 million supports the operations and maintenance of FMS.

Personnel Compensation and Benefits (PC&B), Overhead and Other Non-FSA Activities: \$409.1 million

PC&B: \$278.2 million

The Administration's request for SAA in fiscal year 2022 includes \$278.2 million in PC&B to support a total of 1,584 FTE, which is the same FTE level as the fiscal year 2021 appropriation.

STUDENT AID ADMINISTRATION

The Department continues to align FTE to the highest priorities of the agency. The \$8 million increase in fiscal year 2022 supports higher FERS contribution rates, a 2.7 percent pay raise, awards, and overtime. In addition to the 1,453 FSA FTE, the fiscal year 2022 request includes \$26.1 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 Policy Development and the Office of the Under Secretary.

Overhead and Other Non-FSA Activities: \$130.9 million

The SAA account also provides funding to non-FSA offices to support FSA's mission and the management of the student aid programs. It includes funds for departmental support activities, such as central computer services and financial management system operations, rent, and other overhead. It also includes Student Aid Administration activities carried out in other offices, such as the annual financial audit of FSA, negotiated rulemaking, and budgetary cost estimation. The total request in fiscal year 2022 for these activities is \$130.9 million, \$15.5 million more than the fiscal year 2021 appropriation of \$115.4 million, primarily for increases in enterprise cybersecurity, network support, and the Grants Management System redesign project.

Rent: \$19.2 million

Rent payments to the General Services Administration for FSA-occupied space will total \$19.2 million for fiscal year 2022, no increase from the fiscal year 2021 appropriation.

Centralized Information Technology: \$40.8 million

Combined funding for central computer services and telecommunications will total \$40.8 million in fiscal year 2022, \$10.8 million more than the fiscal year 2021 appropriation. Of this increase, \$8 million is for cybersecurity and network support.

Centralized Support: \$53.6 million

Other non-pay central support services, including background investigations, guard services, security, and departmental training and development courses, will total \$23.1 million in fiscal year 2022, an increase of \$2.1 million over the fiscal year 2021 appropriation, primarily for background investigations.

Student Loan Modeling: \$4.1 million

Student Loan Modeling is one non-FSA activity managed by the Office of Finance and Operations that is highlighted for its direct support in assisting with the forecasting and management of the student loan portfolio. The fiscal year 2022 request for this activity is \$4.1 million, slightly less than the fiscal year 2021 appropriation of \$4.2 million. The Student Loan Modeling investment provides support for developing cost estimates and budgetary impacts of student loan policies affecting a portfolio of more than \$1.5 trillion. Given the magnitude of the

STUDENT AID ADMINISTRATION

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 a borrower-based microsimulation student loan cost model, 2) validation support for credit models and 3) ongoing support of the current student loan model. Student Loan Modeling is comprised of the following:

Microsimulation Model Development

In order to estimate student loan costs more accurately, to provide more detailed analysis of program effects, and better inform student loan policy, this investment aims 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 Department of Treasury to develop a borrower-based (i.e., microsimulation) cash flow model, otherwise known as the Servicer Emulator. The Servicer Emulator portion of the model replicates the events and actions that occur during the life of a loan. The fiscal year 2022 request of \$495 thousand will be used to fund this agreement. In fiscal year 2019, the Servicer Emulator was adapted to support a modification cost estimate for the Temporary Extended Public Service Loan Forgiveness (TEPSLF) authority that has been approved by OMB. In fiscal year 2020, Treasury and the Department's Cost Estimation and Analysis Division (CEAD) staff finalized testing of the maturity, deferment, and forbearance components. In fiscal year 2021, efforts have focused on refinements and testing of the Servicer Emulator IDR component. Treasury will continue to support that effort and make updates and adjustments as needed. To the extent that CEAD management can devote sufficient staff resources to building initial test scenarios, Treasury and CEAD will perform an operational test of the Servicer Emulator immediately following the fiscal year 2022 President's Budget cycle. Operational testing will continue as CEAD updates its assumptions for the fiscal year 2021 Financial Statements. Treasury staff will also be working with CEAD staff to resolve any issues that might arise regarding IT challenges. Lastly, Treasury staff will work with the contractor that has been awarded the Micro-Simulation Event Generator contract to facilitate integration and data sharing between the two model components. That contract was awarded at the end of fiscal year 2020.
- **Event Generator:** In fiscal year 2020, the Department awarded a contract for the Micro-Simulation Event Generator. The design phase is expected to last through fiscal year 2022. The contractor has reviewed the existing SLM and assumptions, started evaluating potential data sources and is developing the initial designs for the Event Generator's loan modules. A design feasibility report and a final design report will be submitted before the end of fiscal year 2022. The two reports will be reviewed by a Technical Working Group of microsimulation modeling, tax data student loan experts,

STUDENT AID ADMINISTRATION

and all inputs will be considered in finalizing the model design. The contractor will also work with the available data and develop necessary imputations for key fields. In particular, the contractor will be developing data and methods to impute incomes, payments, and household characteristics for student loan borrowers.

The implementation phase will be supported by the fiscal year 2022 request of \$2.4 million along with the fiscal year 2021 appropriation of \$2.5 million.

Model Validation

The Department engages with an independent vendor to provide validation of its student loan models. In fiscal year 2021, vendor support was used to review modeling methodology changes to the collections assumption; Public Service Loan Forgiveness modeling; and the Death, Disability, and Bankruptcy assumption (DDB), and review updates to the IDR model. The specific credit models validated are determined on a priority basis using an assessment of model risk. Planned work for fiscal year 2022 includes review of the Servicer Emulator, prepayments, and revisions to the IDR and DDB assumptions. The fiscal year 2022 request is \$655 thousand.

The Student Loan Modeling investment request for fiscal year 2022 also includes \$160 thousand for continued support of the current student loan cash flow model as well as server maintenance and upgrades necessary to house the models and accompanying data.

Credit Reform Support and Analysis

The Department has additionally engaged contractor support to address credit reform analysis and documentation needs, particularly those related to financial and budget reporting. Various tasks include generating audit documentation, developing a comprehensive catalog of data elements, preparing analyses of model output, providing expert analysis of various credit reform, and financial reporting issues related to the student loan models. The fiscal year 2022 request for Credit Reform Support and Analysis is \$386 thousand, \$15 thousand more than the fiscal year 2021 appropriation.

Other Non-FSA Activities: \$13.2 million

Other non-FSA activities, including negotiated rulemaking, College Scorecard support, centralized financial reporting support, and data collection, will total \$13.2 million in fiscal year 2022, \$0.6 million higher than fiscal year 2021.

STUDENT AID ADMINISTRATION

PROGRAM PERFORMANCE INFORMATION

Performance Measures

This section presents selected program performance information including strategic goals, objectives, measures performance targets and data and an assessment of the progress made toward achieving program results. During fiscal year 2021, FSA released its current strategic plan, FY 2020–24 Strategic Plan, which described the organization’s current goals and objectives. From an organizational performance standpoint, FSA managed the organization towards the strategic goals, objectives and performance metrics established in the FY 2020–24 Strategic Plan throughout fiscal year 2020.

In the FY 2020 Annual Performance Report, FSA provided results associated with the goals, objectives, and performance metrics introduced in the FY 2020–24 Strategic Plan. The performance framework established within the FY 2020–24 Strategic Plan encompasses all areas of business and offers a renewed focus on data-driven decisions that will enable positive outcomes for customers, stakeholders, and taxpayers.

A subset of those goals, objectives, and performance metrics are offered within this document to support the FY 2022 Budget request and as such, some of the ordering of the performance metrics may not be sequential.

Strategic Goal 1: Empower a High-Performing Organization

FSA’s employees are its greatest resource, and their knowledge, skills, and abilities are essential to building and sustaining a high-performing organization. To meet the expectations outlined in the FY 2020-24 Strategic Plan, it is essential that staff are trained, aligned, and equipped to provide best-in-class customer service while fulfilling the fiduciary responsibilities of the organization.

Strategic Objective 1.1: Improve employee engagement and workplace inclusion to develop and retain talent, improve employee satisfaction, and engage in effective succession planning.
Performance Metric 1.1. Improve Federal Employee Viewpoint Survey score: Employee Engagement Index. FSA’s scores will improve the first year and continue to increase 1–2% annually.

Year	Target	Actual
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	70
2021	70	
2022	TBD	

Note: Formerly E.1 in FSA Fiscal Year 2019 Annual Report.

Target Context:

The U.S. Office of Personnel Management (OPM) FEVS measures employees' perceptions of whether, and to what extent, conditions characteristic of successful organizations are present in their agencies. The FEVS serves as a tool for employees to share their perceptions in many

STUDENT AID ADMINISTRATION

critical areas including their work experiences, agency, and leadership. The Engagement Index assesses the critical conditions conducive for employee engagement (e.g., effective leadership, work, which provides meaning to employees, etc.). It is made up of three subfactors: Leaders Lead, Supervisors, and Intrinsic Work Experience.

Analysis of Progress:

The fiscal year 2020 data was released in February 2021 due to a delay in survey administration by OPM. The fiscal year 2020 FEVS began on September 23, 2020 and closed on November 4, 2020.

Prior to the February release of the FY 2020 results, FSA analyzed the results of the FY 2019 FEVS survey and focused on communication, fundamentals for success (recruiting, staffing, training, and resources), leadership, recognition and rewards and work/life balance as key areas of focus in FY 2020. FSA conducted focus groups with 243 managers and staff to inform its Employee Engagement Action Plans developed by each organizational business unit.

Data Quality and Limitations:

OPM has been conducting FEVS since 2002 and maintains a 100 percent accuracy rate for employee security and data integrity. One limitation is that the survey results are provided in real time and there is at least a one quarter delay in receipt by agencies. This may limit the true interpretation of the data due to leadership changes, employee attrition and a shift in organizational priorities may impact the relevance of the data.

In addition, FSA continues operating at a near 100 percent virtual capacity and the lack of direct employee interaction and communication may negatively impact survey participation for fiscal year 2020. FSA will continue using focus group data to assist with employee engagement and other organizational improvements based on feedback. The data source for this performance metric is the fiscal year 2020 FEVS survey.

Strategic Goal 2: Provide World-Class Customer Experience to the Students, Parents, and Borrowers We Serve

FSA will modernize its systems and operations to deliver world-class customer and partner experiences. FSA will be able to quickly respond to the ever-changing financial aid environment and consistently be a trusted resource for students and families.

Strategic Objective 2.1: Ensure that all students can easily access information on federal student aid, apply for federal student aid and have information on repayment options.

STUDENT AID ADMINISTRATION

Performance Metric 2.1.B. Percentage of high school seniors submitting the FAFSA.

Year	Target	Actual
2017	N/A	N/A
2018	66.4–68.4	67.4
2019	67.0-69.0	65.9
2020	64.0-66.0	63.8
2021	66.25	
2022	TBD	

Note: Formerly A.1 in FSA Fiscal Year 2019 Annual Report.

Target Context:

A primary goal of FSA is to encourage FAFSA completion among high school seniors.

Analysis of Progress:

FSA did not meet the target for this metric with only 63.8 percent of high school seniors submitting the FAFSA.

Fiscal year 2020 presented two major challenges. For the first half of the FAFSA filing year, from October 1, 2019–March 15, 2020, there was near record low unemployment in the United States. In periods of low unemployment, FAFSA filing among high school seniors normally decreases as the job market offers better opportunities and greater pay. This likely accounted for some of the decrease in FAFSA filing from 65.9 percent in fiscal year 2019 to 63.8 percent in fiscal year 2020. In March 2020, the COVID-19 emergency resulted in most high schools across the country moving to an on-line only model, which meant that students were not in the classroom or in school buildings with guidance counselors, teachers, coaches, and other support personnel that reminded them to file the FAFSA. Additionally, the COVID-19 emergency resulted in many low-income families having a change in financial circumstances that may have prevented filing of the FAFSA in favor of work opportunities or the need to care for others to help support the family unit.

Data Quality and Limitations:

FSA operational systems have procedures in place to address potential data quality issues. The process for querying system data is consistent and disciplined. A separate data analyst from a different office within FSA, validates the accuracy of the queries, resulting data and validates any anomalous data findings. Queries and calculations are simultaneously conducted on data from previous years by FSA's Business Intelligence Team to ensure technical definitions remain consistent. The Customer Analytics Group is responsible for the primary calculation of the metric as well as the technical validation of the metric, which is done by reviewing for accuracy the query used to pull the data and all calculations made with the data. The data is housed in the FSA's Central Processing System.

Finally, the Financial Reporting and Analysis Branch is responsible for ensuring that documentation is complete and archived. These calculations also restrict the application period to the first nine months of the application cycle (through the close of the fiscal year) rather than the entire 18 months. Since most applicants including, high school seniors, file their FAFSA prior to the start of the upcoming academic year (usually before fiscal year end), this decision

STUDENT AID ADMINISTRATION

better aligns the performance metric with the fiscal year where most of the performance occurred.

Strategic Goal 3: Increase Partner Engagement and Oversight Effectiveness

Other non-FSA activities, including negotiated rulemaking, College Scorecard support, centralized financial reporting support, and data collection, will total \$13.2 million in fiscal year 2022, \$0.6 million higher than fiscal year 2021.

Strategic Objective 3.1: Provide effective oversight of FSA's partners utilizing a comprehensive suite of monitoring tools.

Performance Metric 3.1.A: FSA will annually conduct an Institutional Review for its participating partners including schools, third-party servicers, and financial institutions.

Year	Target	Actual
2017	N/A	N/A
2018	N/A	N/A
2019	N/A	N/A
2020	40%	51%
2021	60%	
2022	TBD	

Note: New performance metric for fiscal year 2020. Prior-year data is not available under this metric.

Target Context:

This metric measures the performance of holistic comprehensive compliance reviews of institutions relating to certification actions, deficient audit resolutions, flagged financial statements, program reviews, method of payment actions and technical assistance.

Analysis of Progress:

FSA met its target for this metric with a result of 51 percent of partners reviewed.

In fiscal year 2020, FSA conducted oversight reviews for 2,878 unique institutions of higher education relating to certification, deficient audit resolutions, flagged financial statements, program reviews, method of payment, and technical assistance. FSA completed 1,078 recertifications and 4,410 other institutional eligibility related applications, evaluated more than 2,000 school financial responsibility notifications, processed more than 3,000 deficient audits, and flagged financial statements and issued 143 Final Program Review Determinations or other close-out actions with a total of approximately \$146.7 million in liabilities. FSA accomplished this work while also issuing 211 Automatic Closed School Discharge letters asserting approximately \$59.1 million in associated liabilities. FSA also, conducted oversight of lenders, lender servicers, and guaranty agencies. FSA conducted 16 program reviews and identified untimely reinsurance requests for more than 38,000 loans impacting approximately \$319.2 million.

Data Quality and Limitations:

Next Gen PPO's data for the metric measurement and sub-measurements are highly reliable and retained in the Postsecondary Education Participants System (PEPS) and in the eZ-Audit system. Metric calculations are based on data extracts from the data systems. The data extracts

STUDENT AID ADMINISTRATION

are subject to quality checks and validation. After data are compiled, a staff member reviews the queries and formulas to ensure proper functioning and correct counting reviews/schools. Since Next Gen PPO may perform more than one compliance review of an institution during a fiscal year, the data are de-duplicated to ensure an institution is counted only once. The count of unduplicated institutions for whom Next Gen PPO performed a compliance review is compared with an unduplicated count of participating institutions to calculate the actual percentage for this performance metric.

Strategic Objective 3.2: Strengthen partner engagement and provide effective outreach and assistance

Performance Metric 3.2.C. FSA will enhance the self-service training resource and informational platform to improve communication with participating partners, including schools, third-party servicers, and financial institutions.

Year	Target	Actual
2017	N/A	N/A
2018	N/A	N/A
2019	N/A	N/A
2020	Baseline	62%
2021	72%	
2022	TBD	

Note: New performance metric for fiscal year 2020. Prior-year data is not available under this metric.

Target Context:

This metric represents enhancements to the FSA Learning Management System (LMS)—specifically, courses created or revised in fiscal year 2020. It is not only a percentage of self-service courses available—it includes, revisions, deletions and new courses added. During fiscal year 2020, FSA created or revised 167 LMS courses, which reflects 62 percent of the available 271 courses in fiscal year 2019. This includes revising the learning tracks for new, intermediate, and expert level financial aid administrators. The courses focus on the proper administration of Title IV programs with offerings for new financial aid office to institutional presidents and chief executive officers.

Analysis of Progress:

Fiscal year 2020 is a baseline year for this performance metric with 62 percent of the courses offered within the LMS being either newly created or revised based on customer needs.

FSA's training platform, the FSA LMS, provides on-demand self-service training to registered users. The number of FSA LMS users has increased 22 percent from 44,662 registered users in fiscal year 2018 to 57,487 users in fiscal year 2020. This population represents 3,955 Title IV participating institutions as well as third party servicers, auditors, and FSA Staff.

FSA continues to innovate and partner with its institutions to support internal staff training. LMS has upgraded functionality that allows Title IV participating schools to create training programs for their own staff and track their progress to a particular goal. The feature been transitioned from a testing phase to full rollout to all interested users. FSA is in the process of integrating the LMS into the Phase Three roll-out of the Next Gen PPO. There are also efforts underway to

STUDENT AID ADMINISTRATION

implement a training referral process for offices within FSA to propose specialized training for Title IV participating institutions or technical assistance resources as needed.

Data Quality and Limitations:

This performance metric is a numerical count of changes within a defined electronic training environment. FSA has a baseline of 260 courses deployed on the training system. The Next Gen PPO team tracks additions, modifications, and removals. The data source for this metric is the FSA LMS.

Strategic Goal 4: Strengthen Data Protection and Cybersecurity Safeguards

FSA has a responsibility to protect student and borrower data integrity and confidentiality. Risk management and mitigation—especially regarding data protection and cybersecurity—remains a top priority within the scope of the FY 2020-24 Strategic Plan.

Strategic Objective 4.1: Implement business partner and vendor systems that house, manage, and provide systems supporting FSA business processes, outreach and awareness focused on oversight, enforcement, infrastructure, systems, and data.

Performance Metric 4.1 Increase partner/vendor cybersecurity effectiveness by reducing the total number of FSA system assessment findings by 20% per year.

Year	Target	Actual
2017	N/A	N/A
2018	N/A	N/A
2019	N/A	N/A
2020	1,800	3,561
2021	2,800	
2022	TBD	

*Note: New performance metric for FY 2020. Prior-year data is not available under this metric.

Target Context:

The fiscal year 2020 metric is a measurement of the number of findings discovered during independent assessments or continuous diagnostics and monitoring efforts that are indicative of potential cyber security issues leading to a breach of privacy information or the potential compromise of an information system.

Analysis of Progress:

FSA did not meet its target for this metric with a result of 3,561 FSA system assessment findings.

During fiscal year 2020, additional systems were added to the ongoing security authorization program to allow timely assessments and identification of cyber security vulnerabilities. This increased oversight has resulted in earlier discovery of vulnerabilities allowing early correction before they have had an opportunity to be exploited.

The fiscal year 2019 measurements, used to establish the preliminary target for fiscal year 2020, failed to account for increased federal requirements for more frequent assessments,

STUDENT AID ADMINISTRATION

quarterly versus triannual. The increased assessment activity resulted in a significant increase in the number of actual findings over the target number.

The challenge was the introduction of significant modernization efforts, through the Next Gen FSA project, in the form of new and untested capabilities, features, and technologies presenting significant cyber security issues and findings. While FSA tackled the challenges associated with the modernizing efforts, data protection and cybersecurity safeguards remained top priorities to protect student and borrower data integrity and confidentiality. The introduction of new information systems into a quarterly ongoing security assessment program identified a significant number of findings that were previously not discovered or reported, directly impacting the actual number of findings for the year. This is anticipated to continue into fiscal year 2021. For future improvement, FSA will research the availability and applicability automation technologies to rapidly identify, discover, and resolve issues before they become findings.

Data Quality and Limitations:

The data for this performance metric is provided by the assessments conducted and utilized by the OCIO for the Department's monthly cybersecurity scorecard. Data is verified through the assessment process as defined by the National Institute of Standards and Technology, the Department and FSA guidance. The plan of action and milestone is a description of the vulnerability findings using the National Vulnerability Database. The source of the data is the following: FSA Enterprise Cybersecurity Group; Department Cybersecurity Assessment and Management Shared Service.

Strategic Objective 4.3: Build an effective cybersecurity culture through employee awareness, training and accountability focused on protecting systems and data.

Performance Metric 4.3: Decrease the number of employee-related cybersecurity events associated with inappropriate use, distribution, or storage of Personally Identifiable Information (PII) and financial information by 20% a year.

Year	Target	Actual
2017	N/A	N/A
2018	N/A	N/A
2019	N/A	N/A
2020	1,800	1,713
2021	1,440	
2022	TBD	

*Note: New performance metric for FY 2020. Prior-year data is not available under this metric.

Target Context:

The target is an indicator of employees' ability to properly oversee, store and distribute sensitive privacy and financial information.

Analysis of Progress:

FSA met its target for this metric with a result of 1,713 employee-related cybersecurity events in fiscal year 2020.

This is a new performance metric for fiscal year 2020 that was defined prior to the full implementation of the Department's data loss prevention email capabilities.

STUDENT AID ADMINISTRATION

In fiscal year 2020, the Department implemented an email monitoring system that automatically detects, blocks, and notifies the employee of inappropriate transmission of sensitive data reducing the potential for a breach to occur. The capability identified previously undetected behaviors that may be potential breaches.

FSA relies upon self-reporting for those third parties. As part of continuous monitoring, FSA is developing automated integration with third parties for real time data visibility. The proactive blocking of privacy information transmitted through email has reduced the number of email related breaches while increasing employee awareness of their actions through automated notifications.

To address this metric, the expansion of continuous monitoring capabilities and data aggregation using cloud technologies will enhance the ability to rapidly identify and respond to inappropriate use, distribution, or storage of personal identifiable information PII or financial data. Additional desktop computer data loss prevention technologies will automate the protection of sensitive data and alert users to potential inappropriate handling.

Data Quality and Limitations:

The performance metric is a numerical count of events-based exercise results and actual incident reports over time. The data source FSA SecOps, email reports, exercise results and OCIO Data Loss Prevention metrics. The data is validated through a manual review of automated reports from SecOps, which provides the test results for the cybersecurity exercises administered to employees.

Strategic Goal 5: Enhance the Management and Transparency of the Portfolio

Portfolio management and organizational transparency are important initiatives to drive the success of achieving FSA's mission and vision. These efforts require enhanced analytic, risk management, performance management and quality management capabilities to provide better outcomes for students and greater value to taxpayers.

Strategic Objective 5.1: Improve the management and transparency of FSA's student loan portfolio performance.

STUDENT AID ADMINISTRATION

Performance Metric 5.1.A. Initiate monthly reporting to the public through the FSA Data Center.

Year	Target	Actual
2017	N/A	N/A
2018	N/A	N/A
2019	N/A	N/A
2020	Establish number of public reports	56
2021	Standardize reports and pilot self-service module	
2022	TBD	

Note: New performance metric for fiscal year 2020. Prior-year data is not available under this metric.

Target Context:

FSA's fiscal year 2020 target related to Performance Metric 5.1.A. was to establish a specific number of published FSA Data Center reports suitable for monthly reporting.

Analysis of Progress:

FSA met its target for this metric by establishing 56 specific reports to be published monthly.

In fiscal year 2020, FSA's Enterprise Data Directorate assessed the reports published on its FSA Data Center website to determine feasibility for monthly reporting. Published reports span the student aid lifecycle from application through repayment. In determining the reports most suitable for monthly reporting, FSA considered how likely the data was to change in each month, privacy implications if the data were to be published monthly and potential benefit to customers.

Most published reports are tied to a specific award year data or represent a snapshot of the outstanding portfolio as of a specific point in time. Award year disbursement data is currently provided quarterly to allow customers to monitor progress throughout an award year. Further segmentation would make it difficult to track comparisons over time and increase the likelihood of a privacy disclosure. Due to the size of FSA's portfolio, most portfolio snapshots do not significantly change from month to month. As a result, FSA focused its efforts on production-based reports, particularly those related to application volume.

Through this analysis, FSA identified a total of 56 reports for monthly reporting, including the FAFSA by High School state-level reports (54), the PSLF Report and the BD Report. These reports have been published at least monthly on the FSA Data Center website (Studentaid.gov/data-center) since January 2020.

Data Quality and Limitations:

FSA leverages a data request process to ensure queries are written by one subject matter expert and validated separately by a second subject matter expert to help ensure consistency and accuracy. Queries used to produce FSA Data Center reports are required to go through this data request process. Subject matter experts also, review results prior to publication to help identify any potential areas of concern.

STUDENT AID ADMINISTRATION

Performance Metric 5.1.E: Persistence among first-time filing aid recipients

Year	Target	Actual
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	81.0
2021	81	
2022	TBD	

Note: Formerly A.2 in FSA Fiscal Year 2019 Annual report.

Target Context:

FAFSA application persistence among first-time filing aid recipients is likely lower this year due to the COVID-19 emergency and the uncertainty about fall enrollment for many returning students.

Analysis of Progress:

FSA did not meet its target for this performance metric with persistence among first-time filing aid recipients measuring 81.0 percent.

In May 2020, an email campaign focused on returning FAFSA filers resulted in an increase in FAFSA filing by returning applicants this summer. This effort helped prevent further decline in this metric and FAFSA filing rebounded for this group from an all-time low in March 2020, due to the COVID-19 pandemic and students who were sent home.

In March 2020, the COVID-19 emergency resulted in most colleges and universities across the country moving to an on-line only model, which meant that students were not in the classroom or on-campus seeing cues to remind them to file the FAFSA. During this time of national emergency, it is likely that some percentage of first-time FAFSA filing aid recipients delayed applying for the 2020-21 academic year. In addition, many low-income families had a change in financial circumstances due to the COVID-19 emergency, and this may have prevented some students from returning to school due to the gap between Title IV aid and the cost of attendance for them to manage.

Once more Americans return to work or find new employment, FSA expects this metric to increase in fiscal year 2021 as more Americans have the ability to pay for a postsecondary education.

Data Quality and Limitations:

Data results are ascertained through standardized system queries. These queries are used to rerun and match calculations for earlier cycles as part of the verification and validity assessment. The data source is EDWA and CPS Strategic.