Department of Education

STUDENT AID ADMINISTRATION

Fiscal Year 2023 Budget Request

CONTENTS

Page

Appropriations Language

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, $2,654,034,000, to remain available through September 30, 2024.[1]

NOTES

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.

A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.)

STUDENT AID ADMINISTRATION

Analysis of Language Provisions and Changes

Language Provision	Explanation
<u>to remain available through September 30, 2024.</u>	This language provides for appropriated funds to remain available for 2 years.

STUDENT AID ADMINISTRATION

Amounts Available for Obligation

(dollars in thousands)

Appropriation and Adjustments	2021	2022	2023
Discretionary budget authority:			
Appropriation	$1,853,943	$1,853,943	$2,654,034
Supplemental CRRSAA (P.L. 116-260)	30,000	0	0
Subtotal, adjusted discretionary appropriation	1,883,943	1,853,943	2,654,034
Mandatory budget authority:			
Supplemental ARPA (P.L. 117-02)	91,130	0	0
Subtotal, adjusted mandatory appropriation	91,130	0	0
Total, appropriation	1,975,073	1,853,943	2,654,034
Unobligated balance, start of year	27,615	63,185	0
Recovery of prior-year obligations	21,849	0	0
Unobligated balance expiring	0	0	0
Unobligated balance, end of year	-63,185	0	0
Total, direct obligations	1,961,352	1,917,128	2,654,034

STUDENT AID ADMINISTRATION

Obligations by Object Classification
(dollars in thousands)

	Object Class	2021 Actual	2022 Estimate	2023 Request	Change, 2022 to 2023
11.10	Full-time permanent	$189,849	$201,040	$217,806	+$16,766
11.31	Full-time temporary	6,546	0	0	0
11.32	Part-time	618	0	0	0
11.33	Consultants	22	0	0	0
11.51	Overtime	257	375	400	+25
11.52	Awards	3,341	3,803	4,300	+497
11.80	Other Compensation	135	0	0	0
	Subtotal, Personnel Comp.	200,768	205,218	222,506	+17,288
12.00	Benefits	68,453	71,036	81,924	+10,888
13.10	Benefits for Former Personnel	0	141	141	0
	Subtotal, Per. Comp & Ben.	269,221	276,395	304,571	+28,176
21.00	Travel	31	1,605	3,256	+1,651
22.00	Transportation of things	0	0	0	0
23.10	Rental payments to GSA	18,868	19,191	18,144	-1,047
23.31	Communications	0	0	0	-29
23.32	Postage/fees	38	33	4	0
	Subtotal, 23	18,868	20,829	18,148	-1,076
24.00	Printing and reproduction	8	28	36	+8
25.10	Advisory and assistance services	2,446	1,238	634	-604
25.21	Other services	963,525	903,284	1,566,178	+662,894
25.22	Training/Tuition/Contracts	818	1,610	2,533	+923
25.30	Goods/Services from Gov't	46,405	49,689	52,170	+2,481
25.40	Operations/Maint of Facilities	0	0	0	0
25.71	Operations/Maint of Equipment	240	0	0	0
25.72	IT Services/Contracts	544,306	600,391	706,027	+105,636
	Subtotal, 25	1,557,740	1,556,212	2,327,542	+771,330
26.00	Supplies	44	307	395	+88
31.10	IT Equipment/Software	44	172	86	-86
31.30	Other Equipment	64	0	0	0
	Subtotal, 31	152	479	86	-86
32.00	Building Alterations	0	0	0	0
43.10	Prompt payment interest	0	0	0	0
	Total, Obligations	1,846,058	1,853,943	2,654,034	+800,091

STUDENT AID ADMINISTRATION

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

	Object Class	2021 Actual	2022 Estimate	2023 Request	Change, 2022 to 2023
11.10	Full-time permanent	0	$3,054	0	+$3,054
11.31	Full-time temporary	0	0	0	0
11.32	Part-time	0	0	0	0
11.33	Consultants	0	0	0	0
11.51	Overtime	0	0	0	0
11.52	Awards	0	0	0	0
11.80	Other Compensation	0	0	0	0
	Subtotal, Personnel Comp.	0	3,054	0	-3,054
12.00	Benefits	0	1,073	0	-1,073
13.10	Benefits for Former Personnel	0	0	0	0
	Subtotal, Per. Comp & Ben.	0	4,127	0	-4,127
21.00	Travel	0	0	0	0
22.00	Transportation of things	0	0	0	0
23.10	Rental payments to GSA	0	0	0	0
23.31	Communications	0	0	0	0
23.32	Postage/fees	0	0	0	0
	Subtotal, 23	0	0	0	0
24.00	Printing and reproduction	0	0	0	0
25.10	Advisory and assistance services	0	0	0	0
25.21	Other services	$24,000	1,873	0	-1,873
25.22	Training/Tuition/Contracts	0	0	0	0
25.30	Goods/Services from Gov't	0	0	0	0
25.40	Operations/Maint of Facilities	0	0	0	0
25.71	Operations/Maint of Equipment	0	0	0	0
25.72	IT Services/Contracts	0	0	0	0
	Subtotal, 25	24,000	1,873	0	-1,873
26.00	Supplies	0	0	0	0
31.10	IT Equipment/Software	0	0	0	0
31.30	Other Equipment	0	0	0	0
	Subtotal, 31	0	0	0	0
32.00	Building Alterations	0	0	0	0
43.10	Prompt payment interest	0	0	0	0
	Total, Obligations	24,000	6,000	0	-6,000

STUDENT AID ADMINISTRATION

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

	Object Class	2021 Actual	2022 Estimate	2023 Estimate	Change, 2022 to 2023
11.10	Full-time permanent	0	0	0	0
11.31	Full-time temporary	0	0	0	0
11.32	Part-time	0	0	0	0
11.33	Consultants	0	0	0	0
11.51	Overtime	0	0	0	0
11.52	Awards	0	0	0	0
11.80	Other Compensation	0	0	0	0
	Subtotal, Personnel Comp.	0	0	0	0
12.00	Benefits	0	0	0	0
13.10	Benefits for Former Personnel	0	0	0	0
	Subtotal, Per. Comp & Ben.	0	0	0	0
21.00	Travel	0	0	0	0
22.00	Transportation of things	0	0	0	0
23.10	Rental payments to GSA	0	0	0	0
23.31	Communications	0	0	0	0
23.32	Postage/fees	0	0	0	0
	Subtotal, 23	0	0	0	0
24.00	Printing and reproduction	0	0	0	0
25.10	Advisory and assistance services	0	0	0	0
25.21	Other services	$42,947	$48,182	0	-48,183
25.22	Training/Tuition/Contracts	0	0	0	0
25.30	Goods/Services from Gov't	0	0	0	0
25.40	Operations/Maint of Facilities	0	0	0	0
25.71	Operations/Maint of Equipment	0	0	0	0
25.72	IT Services/Contracts	0	0	0	0
	Subtotal, 25	42,947	48,183	0	-48,183
26.00	Supplies	0	0	0	0
31.10	IT Equipment/Software	0	0	0	0
31.30	Other Equipment	0	0	0	0
	Subtotal, 31	0	0	0	0
32.00	Building Alterations	0	0	0	0
43.10	Prompt payment interest	0	0	0	0
	Total, Obligations	42,947	48,183	0	-48,183

STUDENT AID ADMINISTRATION

Summary of Changes
(dollars in thousands)

2022	$1,853,943
2023	2,654,034
Net change	+800,091

Increases:	2022 base	Change from base
Built-in:		
Increase in salaries and benefits primarily for increased benefits for FERS contribution rates, a 4.6 percent pay raise to support 1,597 FTE, awards, and overtime	$276,395	+$28,176
Increase in servicing	873,646	+592,600
Travel	1,605	+1,651
Printing & Reproduction	28	+8
Other Services	40,563	+64,627
Training/Tuition/Contracts	1,610	+923
Goods/Services from Govt	44,689	+2,223
IT Services/Contracts	594,466	+111,561
Supplies	307	+88
Subtotal, increases		+801,857
Decreases:		
Built-in:		
Decrease in rent to GSA	19,181	-1,047
Postage & Fees	33	-29
Advisory & Assistance Services	1,238	-604
Information Tech Equipment/Software	172	-86
Subtotal, decreases		-1,766
Net Change		+800,091

STUDENT AID ADMINISTRATION

Authorizing Legislation
(dollars in thousands)

Activity	2022 Authorized	2022 Estimate	2023 Authorized	2023 Request
Student aid administration *(Higher Education Act of 1965, I-D)*	0[1]	$1,853,943	To be Determined	$2,654,034
Total appropriation		1,853,943		2,654,034
Portion of request not authorized				2,654,034

[1] The GEPA extension expired September 30, 2015; reauthorization for FY 2023 is expected through appropriations action

STUDENT AID ADMINISTRATION

Appropriations History
(dollars in thousands)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2014[1]	$1,050,091	N/A	$1,044,301	$1,166,000
2015[2]	1,446,924	N/A	1,446,924	1,396,924
2016[3]	1,581,854	$1,446,924	1,361,700	1,396,924
2017[4]	1,631,990	1,551,854	1,546,854	1,576,854
2018[5]	1,697,711	1,697,711	1,576,854	1,678,943
2019[6]	1,772,000	1,678,943	1,678,943	1,678,943
2020[7]	1,812,000	1,678,943	1,778,943	1,768,943
2020 CARES Supplemental[8]				40,000
2021[9]	1,883,309	1,768,943	1,868,943	1,853,943
2021 CRRSAA Supplemental[10]	0	0	0	30,000
2021 Mandatory ARP Supp[11]	0	0	0	91,130
2022[12]	2,053,943	2,053,943	2,033,943	1,853,943
2023	2,654,034			

[1] The House allowance is shown as N/A because there was no Subcommittee action; Senate allowance reflects Committee action only.
[2] The House allowance is shown as N/A because there was no Subcommittee action; Senate allowance reflects Senate Subcommittee action only.
[3] The levels for House and Senate allowances reflect action on the regular annual 2016 appropriations bill, which proceeded in the 114th Congress only through the House Committee and Senate Committee.
[4] 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.
[5] The level for the House allowance reflects floor action on the Omnibus appropriation bill; the Senate allowance reflects Committee action on the regular annual 2018 appropriations bill; the Appropriation reflects the Consolidated Appropriations Act, 2018 (P.L. 115-141).
[6] 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).
[7] The Senate Allowance reflects the Chairman’s mark; the Appropriation reflects the Further Consolidated Appropriations Act, 2020 (P.L. 116-94).
[8] The Appropriation reflects the supplemental funds from the Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136).
[9] The level for the House allowance reflects subcommittee action. The level for the Senate Allowance reflects the Chairman’s mark; the Appropriation reflects Division H of the FY 2021 Consolidated Appropriations Act, 2021 (P.L. 116-260).
[10] The Appropriation reflects supplemental funds from Division M of the FY 2021 Consolidated Appropriations Act, 2021 (P.L. 116-260).
[11] The Appropriation reflects the American Rescue Plan Act of FY 2021 (P.L. 117-2).
[12] The House allowance reflects floor action on the FY 2022 Consolidated Appropriations Act; the Senate allowance reflects the Chairman’s mark; and the Appropriation reflects the annualized continuing resolution level.

STUDENT AID ADMINISTRATION

Significant Items in FY 2022 Appropriations Reports

Next Generation Spending Plan

House: The Department initiated the Next Generation Processing and Servicing Environment (Next Gen). Since that time, Congress has provided significant resources for Student Aid Administration activities, including the development and implementation of Next Gen. Given these resources, the Committee remains concerned with the current state of student loan servicing. The recommendation continues to include bill language requiring FSA to submit a detailed spend plan of anticipated uses.

Response: The Department will provide the requested report.

Student Loan Servicing Environment

Senate: The Committee is concerned with the lack of detail as the Department develops its plan for future servicing environment and continues the requirement that FSA provide quarterly briefings on such plans.

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

Transparency in College Costs

House: The Committee notes the persistent lack of transparency around the costs of college and its detrimental impact on the ability on the ability of individuals and families to make informed financial decisions around higher education. Therefore, the Committee urges the Department to work with institutions of higher education to improve college cost transparency, and requests a briefing on these efforts no later than 120 days after enactment of this Act.

Response: The Department will provide the requested briefing to the Committees as directed.

Student Loan Servicing

Senate: The Committee directs the Department to continue to provide quarterly reports detailing its obligation plan by quarter for student aid administrative activities, broken out by each servicer and private collection agency, and by activity and detailing performance metrics, total loan volume, and number of accounts, assigned to each servicer and private collection agency.

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

FAFSA Data Sharing

Senate: The Committee notes the Consolidated Appropriations Act, 2018, modified in fiscal year 2019, provides institutions of higher education with clear authority to provide information from a student's FAFSA to certain in scholarship granting organizations, with the consent of the applicant to help students apply for and receive student aid and State and Federal means-tested benefits. However, these provisions have not yet been widely utilized due to a lack of guidance from the Department, and the COVID-19 pandemic has increased the need for students to understand resources available to assist them with basic needs. The Committee directs the Department to publish guidance on this provision within 90 days of enactment of this act.

Response: The Department released guidance in DCL GEN 15-04, https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2015-02-09/gen-15-04-subject-statement-policy-nonprofit-college-access-organizations-presumed-qualify-additional-designated-entities-under-fafsa-completion-initiative, which was later repealed. The Department will commit to providing new guidance.

Office of Enforcement

Senate: The Committee has been concerned about the low level of staffing in, and the utilization of, the Student Aid Enforcement Unit, which is critical to fighting fraud and abuse. Accordingly, the Committee strongly supports the Department's recent announcement to establish an Office of Enforcement within FSA to identify and address major problems across institutions of higher education that pose widespread risks to students and taxpayers. The Committee expects FSA to robustly staff this office, and requests a briefing within 60 days of enactment of the priorities of the office and the number of staff it will include.

Response: The Department will provide the requested briefing to the Committees as directed.

Student Aid Administration

(Higher Education Act of 1965, I-D)

(dollars in thousands)

FY 2022 Authorization: To be determined[1]

Budget Authority:

	2022 Estimate	2023 Request	Change
Personnel Comp. & Ben. Costs	$276,395	$304,571	+$28,176
Non-Personnel Costs, excluding Loan Servicing Costs	703,902	883,217	+179,315
Subtotal, Salaries and Expenses	980,297	1,187,788	+207,491
Loan Servicing Costs	873,646	1,466,246	+592,600
Total	1,853,943	2,654,034	+800,091
FTE	1,527[2]	1,597	+70

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 17 million student financial aid applications; disbursing more than $112 billion in Direct Loans, including consolidation loans, and approximately $38.7 billion in Pell grants during fiscal year 2023; administering a loan portfolio of more than $1.6 trillion; and protecting students and taxpayers by ensuring that Federal resources are usedappropriately.

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 of Education

[1] The GEPA extension expired September 30, 2015; reauthorizing legislation is sought for fiscal year 2023.

[2] The 2022 FTE total does not include 38 FTE related to and funded by CRRSAA.

(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 $26.4 billion to 6.1 million low-and moderate-income undergraduate students during the 2020–2021 award year, with an average award of $4,325. The maximum Pell Grant award for the 2021–2022 award year is $6,495.

The William D. Ford Federal Direct Loan program drives a significant portion of FSA's workload. The direct loan program lends funds directly to students and their families through participating schools. In fiscal year 2023, the Department anticipates it will originate $85 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 direct loan program. FSA continues to administer the FFEL program, while lenders and guaranty agencies continue to service and collect some outstanding loans in the FFEL portfolio. FSA services government held-FFEL and direct loan 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 2023 request.

Funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2018	$1,678,943
2019	1,678,943
2020	1,768,943
2020 CARES Act	40,000
2021	1,853,943
2021 CRRSAA	30,000
2021 Mandatory ARP Act	91,130
2022 Estimate	1,853,943

FY 2023 BUDGET REQUEST

The Administration is committed to ensuring students can reliably access Federal student aid so college can remain affordable, while also delivering a better functioning and more equitable student loan system for all borrowers. These goals require significant effort and investment over the coming years to respond to challenges created or compounded by the COVID-19 pandemic such as returning to repayment, developing a long-term servicing solution, resuming delayed efforts to upgrade outdated technology and cybersecurity infrastructure, making lasting improvements to title IV programs such as the Public Service Loan Forgiveness (PSLF) and Income Driven Repayment (IDR) programs, and improving oversight of the Title IV programs and participants.

For fiscal year 2023, the Administration requests $2.7 billion to administer the Federal student aid programs, $800 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation.

The requested funds are necessary to implement reforms that improve FSA's ability to serve students and borrowers while holding its vendors more accountable, including fully implementing the FAFSA Simplification Act and FUTURE Act, providing high-quality loan servicing that is held accountable to applicable Federal and State laws as well as the Nation's more than 42 million student loan borrowers, improving access to PSLF, and expanding enforcement efforts to ensure program compliance.

The fiscal year 2023 request includes the following major categories:

1) **Student Aid and Borrower Eligibility Reform (SABER) initiative** totals $152.4 million, $15.2 million less than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation. Although the Department is undertaking most of the development work in fiscal year 2022, additional development and operational needs will continue in fiscal year 2023. These costs are critical for full implementation of the requirements in the FAFSA Simplification Act and FUTURE Act. Additional information is provided starting on page 15.

2) **Loan servicing activities** total $1.47 billion, $592.6 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation. The request reflects increases in servicing volume at the current tiered price schedule, rate adjustments based on the Employment Cost Index, natural maturation of the portfolio, and development costs for a long-term servicing solution. More information is provided starting on page 18.

3) **Federal Student Aid IT activities** total $180.4 million, $39.6 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation. Requested funds will protect against security breaches , safeguard borrowers' personal information, and support necessary IT infrastructure for FSA's data storage. More detail is provided starting on page 33.

4) **FSA Core Systems and Other Non-Major FSA activities** total $417.8 million, $136.8 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation. This request would support for costs of core systems like Common Origination and Disbursement (COD) and Digital and Customer Care (DCC), It would also cover increased costs for call centers associated with the Business Process Operations (BPO), the Next Gen National Student Loan Data System (NSLDS), the Next Gen Partner Participation and Oversight (PPO) Initiative, as well as other FSA core systems essential to the financial aid lifecycle. Additional information is provided on 37

5) **Personnel Compensation and Benefits (PC&B), Overhead, and Other Non-FSA Activities** total $437.2 million, $46.2 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation. Of this, $304.6 million would support PC&B, $28.2 million more than a fiscal year 2022 annualized CR. The increased costs include a proposed Governmentwide 4.6 percent pay raise and increases in benefits to support 1,453 Full-Time Equivalent (FTE) in FSA and 144 FTE for non-FSA offices. The remaining $132.6 million, $18.0 million more than a fiscal year 2022 annualized CR, would for overhead and other non-FSA activities, primarily increases in enterprise cybersecurity. Additional information is provided starting on page 45.

Student Aid and Borrower Eligibility Reform (SABER): $152.4 million

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

The Consolidated Appropriations Act, 2021 amends requirements stated in IRC section 6103 to allow individuals to share Federal Tax Information (FTI) among family members. Additionally, the law 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 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 COD system and the NSLDS. Additionally, the successful implementation of the FAFSA Simplification Act will depend on a modernized FAFSA backend system. Both legislative mandates will also impact the financial aid community (e.g., schools, software vendors, State agencies, designated scholarship organizations) and require substantial changes to their processes and systems.

Since both legislative mandates leverage many of the same subject matter experts and business units across FSA to deliver changes to the FAFSA, IDR, and TPD processes, FSA established the SABER initiative to implement the 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 improved communications and outreach to students, parents, borrowers, and partners.

The implementation of the FUTURE Act and FAFSA Simplification Act began in fiscal year 2020 and will continue through fiscal year 2023 when FSA fully implements the provisions of the FAFSA Simplification Act for the 2024–25 award year. FSA plans to implement both legislative mandates into three phases:

- Starting in fiscal year 2020 and continuing through fiscal year 2023, phase one aims to establish FSA's ability to request and receive certain FTI from the Internal Revenue Service (IRS) through the FUTURE Act Direct Data Exchange (FA-DDX).

    - In fiscal year 2020, FSA supported the IRS in establishing the technical foundation for the FA-DDX.

    - In fiscal year 2021, FSA continued to support the IRS in introducing changes to the FA-DDX to implement the FUTURE Act TPD provisions.

    - In fiscal year 2022, FSA plans to continue to support the IRS in introducing changes to the FA-DDX to implement the FUTURE Act IDR and FAFSA provisions.

    - Funding in fiscal year 2023 would enable the IRS to maintain the FA-DDX interface while ensuring FSA can continue implementing changes to systems that are impacted by the interface such as the Person Authentication System (PAS), COD, and the AED solution.

- Starting in fiscal year 2021 and continuing through fiscal year 2023, phase two includes updates to FSA systems and processes to enable the provisions of the FUTURE Act and FAFSA Simplification Act for the 2023–24 and 2024–25 award years.

    - In fiscal year 2021, FSA awarded multiple contracts to begin the development of the applications and infrastructure that will manage and store FTI. These contracts include:
        - the FTI Infrastructure, a secure cloud environment that will host the applications that manage and store FTI;
        - the FTI Module, an application that will leverage FTI to determine continued eligibility for TPD, calculate IDR monthly payment amounts, and calculate the Student Aid Index; and
        - the FTI Data Mart, an application that will leverage FTI to conduct analyses and forecasts related to the TPD, IDR, and FSA programs.

    - In fiscal year 2021, FSA also released the AED solicitation, which will enable FSA to procure the new FAFSA backend system that will process FAFSA forms and determine aid eligibility for the 2024–25 award year. Additionally, FSA made modifications to several FSA systems and processes such as the COD system, PAS, NSLDS, and the DCC platform to begin the implementation of both legislative mandates.

    - In fiscal year 2021, FSA also extended the AEDS contract to ensure the continual operations of the Central Processing System (CPS) and its associated products as FSA procures the new AED solution. Additionally, the AEDS contract extension enables FSA to implement the provisions of the FAFSA Simplification Act for the 2023–24 award year and ensure the FAFSA form's availability for students, their families, and FSA's partners.

  - In fiscal year 2022, FSA plans to award the AED solicitation. The AED solution will replace the CPS solution and increase FSA's agility, efficiency, stability, and security in delivering changes to students and families. The AED solution will also enable FSA to fully implement the FUTURE Act and FAFSA Simplification Act for the 2024–25 award year.

  - In fiscal year 2022, FSA also plans to make modifications to many FSA systems and processes such as the COD system, NSLDS, DCC, PAS, servicing systems, Enterprise Data Warehouse and Analytics platform, Access and Identify Management System, and the Student Aid Information Gateway to implement both legislative mandates for the 2024–25 award year.

  - Funding in fiscal year 2023 would ensure FSA can operate and maintain the AED solution for the 2024–25 award year and continue finalizing changes to the systems that will be impacted by the FUTURE Act and FAFSA Simplification Act. Additionally, funding in fiscal year 2023 would facilitate FSA's plan to start decommissioning CPS.

- Starting in fiscal year 2022 and continuing through fiscal year 2023, phase three enables FSA's work with its partners—schools, State agencies, and designated scholarship organizations—as they update their systems and processes to fully implement the FUTURE Act and FAFSA Simplification Act for the 2024–25 award year. Additionally, phase three enables FSA to ensure that its customers—students, parents, borrowers, and their families—are properly informed of the changes to the FAFSA, IDR, and TPD processes.

  - In fiscal year 2022, FSA plans to engage partners in preparation to implement the provisions of the FUTURE Act and FAFSA Simplification Act for the 2024–25 award year. Additionally, FSA plans to ensure that its customers are properly informed of how the FAFSA, IDR, and TPD processes are changing because of the FUTURE Act and FAFSA Simplification Act.

  - In fiscal year 2022, FSA also plans to finalize outreach materials such as webinars, fact sheets, guides, and updates to StudentAid.gov and FSA Connect in conjunction with FSA's planned engagements and outreach to its partners and customers.

Funding in fiscal year 2023 would enable FSA to continue to provide sufficient training, communications, and support to its partners.

Until the implementation of the FUTURE Act and FAFSA Simplification Act is completed, 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.

For fiscal year 2023, the Administration requests $152.4 million for the SABER initiative, $15.2 million less than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation. The fiscal year 2023 Budget Request includes $115.8 million for the development, operations, and maintenance to address the changes from the FUTURE Act and FAFSA Simplification Act. These activities include the operations and maintenance of the AED solution, which will serve as the new FAFSA backend system; 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, $5.0 million will enable the continuous operations and development of the FUTURE Act FA-DDX with the IRS; $13.4 million will support the CPS legacy system’s decommissioning and operations of the 2023–24 FAFSA cycle; and $18.2 million is necessary for the IRS DRT interagency agreements for the FAFSA and IDR forms.

During fiscal year 2022, the majority of the development activities for the FUTURE Act will have been implemented. For example, the funding request in fiscal year 2023 assumes that the FUTURE Act solutions such as the FTI Infrastructure, FTI Module, and FTI Data Mart will be fully operational. Additionally, the AED solution, which will serve as the new FAFSA backend system will be awarded in fiscal year 2022 and will be operational by fiscal year 2024.

Loan Servicing Activities: $1,466.2 million

<u>Long-Term Servicing Solution: $230.1 million</u>

In fiscal year 2023, the Department plans to award contracts that will realize two long-term goals: one, providing a single, FSA-branded servicing interface for all Direct Loan borrowers; and two, and holding servicers more accountable. This request builds on progress made and knowledge gained through prior initiatives and investments that have improved FSA’s technical infrastructure and paved the way for FSA to transition from current loan servicing contracts into a more stable, long-term contract and servicing environment. These new contracts will upgrade the cybersecurity posture of the servicing ecosystem, enhance system integration across the FSA enterprise, improve data collection, and eventually build out loan servicing functionality on StudentAid.gov by with a variety of tools that will allow borrowers to manage their account through the website. To improve upon the current system, the Department intends for the long-term loan servicing environment to achieve the following six goals:

> 1) more servicer accountability; 2) simplified, effective, transparent interactions with borrowers; 3) improved use of data to better target and provide borrower assistance; 4) increased borrower access to clear, accurate, and timely information; 5) better protection of borrower data through enhanced cybersecurity; and 6) long-term stability of the underlying servicing system.

The following pages outline details of the long-term servicing solution’s goals and the background of loan servicing prior to the current strategy.

Background

Since the inception of the Federal Direct Loan program, the Department has used private-sector vendors (i.e., loan servicers) to service the Department-held portfolio of non-defaulted federal student loans. This portfolio includes both Direct Loans and Department-held FFEL Program loans. Loan servicers are responsible for collecting payments on Federal student loans, advising borrowers on resources and benefits to better manage their Federal student loan obligations, responding to customer service inquiries, and performing other administrative tasks associated with maintaining a loan on behalf of the Department. The current loan servicing contracts were originally awarded by FSA between 2009 and 2013 through either the Title IV Additional Servicers (TIVAS) procurement or through statutorily required non-competitive awards to not-for-profit (NFP) servicers with prior experience in the FFEL program. All contracts included terms that allowed them to be extended into 2019. FSA then used authority provided by Congress in the 2021 Appropriations Act to further extend the contracts with six servicers through December 2023. In total, FSA awarded and managed 16 separate servicing contracts. Since the initial award, 10 loan servicers have voluntarily terminated their servicing contracts; currently, there are six loan servicers actively managing the Department-held portfolio of non-defaulted loans.

Although having multiple servicers can have benefits, the structure of the legacy contracts – which largely provided servicers with operational autonomy, used commercial branding, and lacked appropriate accountability metrics – resulted in inconsistency across platforms and servicers, oversight challenges, operational complexity, inefficiency, and additional costs. There was a growing consensus based on consumer feedback that the service being provided through these contracts was inconsistent, with untimely and inaccurate responses to borrower inquiries and complaints occurring far too often. Moreover, because of the fragmented servicing system and lack of reporting on effective practices, it was difficult to gather and implement insights about effective or innovative servicing practices, diminishing FSA's effectiveness in meeting borrower needs.

In 2014, improvements were made to the underlying servicing contracts (in particular, changes to the pricing structure to better incentivize positive borrower outcomes). To address the identified weaknesses in the legacy servicing framework, FSA attempted to replace the legacy loan servicing contracts in 2016. Subsequent efforts were made in 2017, 2019, and 2020. Efforts to replace the legacy servicing contracts were ultimately unsuccessful. In the meantime, FSA needed to address the expiration of the current loan servicing contracts, as well as a shifting technological landscape. To ensure continuity of loan servicing while pursuing a long-term servicing solution, FSA used contractual authority in 2019 to extend the legacy servicing contracts through December 2021 (for TIVAS) and early 2022 (for NFPs). FSA negotiated further extensions with six servicers through December 2023 using authority provided by Congress to extend the legacy servicing contracts for two additional years[1].

[1] Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2021, Pub. L. No. 116-260, div. H, 134 Stat. 1182, 1547, 1603 (Dec. 27, 2020).

These extensions included unprecedented terms to strengthen performance standards, improve servicer accountability, and increase transparency to FSA and the public.[1] While implementing the servicing extensions was a positive step, the Department is committed to providing a long-term, secure, stable solution that better serves taxpayers and borrowers.

Based on a review of previously unsuccessful efforts to procure a new servicing system, FSA has identified and worked to mitigate the following root causes of failure:

1) Overly optimistic cost and procurement expectations, leading to budget deficiencies and poorly scoped solutions;

2) Unclear and overly complex solicitation requirements, which led to poor proposals from offerors;

3) Inadequate time and resources dedicated to implementation, with artificial timelines imposed;

4) Inadequately defining changes in strategy and failing to account for constituent feedback, leading to confusion and frustration among stakeholders, including Congress; and

5) Changes in direction under previous Administrations.

Long-term Servicing Solution Plans and Implementation

FSA's strategy to establish a long-term student loan servicing environment, titled the Unified Servicing and Data Solution (USDS), includes the solicitation and award of new servicing contracts, as well as accompanying improvements across FSA systems. The approach builds on the best of previous work while taking stakeholder input into account. This strategy begins by awarding long-term contracts that make necessary improvements immediately and puts a stronger focus on identifying and widely implementing innovative practices that will address persistent issues in student loan and servicing performance to provide better borrower outcomes.

FSA has taken several steps to mitigate the root causes of past failures. First, FSA has developed more reasonable budget estimates based on lessons learned from previous work. This includes appropriately spreading development, and thus costs, over time to ensure appropriate planning and long-term success. Second, instead of setting unclear and overly complex requirements and demanding that they be met all at once, USDS provides for a phased approach. This phase approached would maintain some portions of the current servicing state while addressing the most immediate needs: meeting modern cybersecurity standards, providing borrowers with a single repayment portal, and ensuring servicers are held accountable to a high standard of performance.

[1] https://www.ed.gov/news/press-releases/us-department-education-increases-servicer-performance-transparency-and-accountability-loan-payments-restart

Third, based on experience gained from previous solicitations, FSA has adopted an aggressive yet reasonable timeline for an early 2022 solicitation publication and anticipated winter 2022 contract award. Like the current environment, USDS will onboard multiple loan servicers that will serve all of FSA's borrowers with Federally-held FFEL and Direct Loans. However, the new contracts will contain a different payment structure to incentivize better outcomes for borrowers, in particular borrowers who are at-risk for delinquency and default. The contracts will also include extensive accountability measures to ensure that servicers are providing borrowers with a high and consistent level of service. The USDS environment also transitions the management of specialty programs and account authentication under the FSA brand with the goal of transitioning all repayment and account management to StudentAid.gov.

Finally, FSA has already convened regular listening sessions with key stakeholders and will continue meeting as the solicitation and associated development efforts proceed. FSA is also committed to regularly briefing congressional staff, including appropriators and authorizers, to gain their insights, share information, and ensure community buy-in on the solicitation and FSA's long-term plans.

FSA plans to leverage the systems and expertise of potential offerors with investments FSA has made over the last three years to create common systems for critical services. Since the Next Gen initiative launched in 2017, FSA has accomplished the following:

1. Launched a modernized StudentAid.gov, which consolidated the functionality of four of FSA's most-visited websites and serves as the primary source of information and tools for FSA's customers.

2. Launched and improved more than 15 tools for students, parents, and borrowers on StudentAid.gov, including the Public Service Loan Forgiveness (PSLF) Help Tool, which guides borrowers through the process of certifying their employment for PSLF, and three *Loan Simulator* modules that help borrowers identify the repayment plan that best meets their needs, figure out options when they are struggling to repay, and determine how their repayment trajectory will change if they borrow more.

3. Launched a new and improved myStudentAid mobile app and a mobile responsive, role-based FAFSA form that customers can access by using the app or their mobile browser.

4. Built the Enterprise Data Management and Analytics Platform Services (EDMAPS) environment, which is capable of ingesting, storing, and sharing data from FSA and vendor systems, allowing it to be accessed by a variety of systems and vendors.

5. Rebuilt the National Student Loan Data System (NSLDS), a repository for student loan borrower data, to increase the security and functionality of the platform, provide a modern interface for users, and collect and store additional data on student loans.

6. Developed a Marketing and Communications Platform, which has allowed FSA to send nearly one billion specific, targeted emails to millions of customers related to the FAFSA, return to repayment, PSLF, Borrower Defense to Repayment discharges, and other information about program eligibility for Federal student aid.

7. Launched FSA Partner Connect, which provides a hub for FSA's institutional partners to get information on the Title IV programs and connect to other systems.

8. Awarded contracts to BPO vendors, who perform contact center activities for six of FSA's legacy call centers and will be responsible for debt collection and other servicing work after the payment pause ends.

Each of these investments is allowing FSA to build the USDS in a way that was not previously possible. By leveraging DCC, EDMAPS, the new NSLDS, and the BPO vendors, FSA will be able to achieve the following goals:

1. More servicer accountability;

2. Simplified, effective, transparent interactions with borrowers;

3. Improved use of data to better target and provide borrower assistance;

4. Increased borrower access to clear, accurate, and timely information;

5. Better protection of borrower data through enhanced cybersecurity; and

6. Long-term stability of the underlying servicing system.

More servicer accountability

With USDS, FSA will build on the standards for performance established in the legacy servicing contract extensions. These include specific borrower performance metrics: at-risk borrower outcomes; customer satisfaction; call abandon rates; quality of borrower interactions; and accuracy in processing borrower requests. FSA will consider additional performance standards and incentives that draw upon lessons learned from the recent changes to loan servicer contracts and that continue to align servicer agreements with the Administration's overall goals for the student loan program, including reducing default and delinquency and helping borrowers access programs to which they are entitled, including income-driven repayment plans.

Simplified, effective, transparent interactions with borrowers

FSA will identify ways to promote consistent branding across all borrower contact points, while also ensuring that borrowers and regulators maintain the ability to hold servicers and other vendors accountable. The legacy servicing contracts often result in a confusing borrower experience, as each servicer maintains its own self-branded portal for customers. In the short term, FSA will implement single-sign on to servicers' websites, which will contain co-branding with FSA and some common elements to promote clarity and consistency. During this time, FSA will also continue to develop and improve self-help tools that aid borrowers in navigating student loan repayment. The long-term solution further envisions StudentAid.gov as a one-stop shop for all borrower needs, including the ability to make or schedule payments, manage student loans, change repayment plans, as well as apply for borrower benefits such as PSLF. It will also reduce disruption to the borrower's repayment experience if they need to be transferred between servicers in cases such as loan consolidation or contract expirations. The proposed approach will also provide FSA with greater oversight during the transfers.

Improved use of data to better target and provide borrower assistance

FSA will work with each servicer to develop a common data infrastructure to improve consistency and facilitate enhanced reporting. This effort will allow FSA to store and have immediate access to an unprecedented amount of account and transaction data from servicers' systems which will allow those data to populate other FSA systems, ultimately increasing FSA's ability to direct specific, meaningful information to borrowers when they need it most. It will also ease the borrower account transfer process by reducing the manual transfer of data between servicers and providing FSA with greater oversight over that process. Servicers access to data will also be improved, providing them with important information to better serve borrowers and to facilitate the implementation of the FUTURE Act.

This enhanced data capacity will drive FSA's ability to be more nimble in identifying issues that contribute to poor outcomes like delinquency and default and to pilot and scale practices that will improve borrowers' experiences. It will also improve FSA's ability to drive servicers to better meet the needs of their borrowers, resulting in improved borrower outcomes.

Increased borrower access to clear, accurate, and timely information

Leveraging planned improvements in data collection and storage, USDS will ultimately allow StudentAid.gov to serve as the single repayment portal for all Federally managed borrowers. Through this common "front door", customers will have access to the most up-to-date information pertinent to their needs. In addition to seeing information on payments, interest, and payoff timelines, borrowers who are delinquent would be prompted to use Loan Simulator to determine a repayment plan that would better meet their needs, while a student who is in school would be provided with information about re-filing the FAFSA and minimizing their debt balance.

Better protection of borrower data through enhanced cybersecurity

During fiscal year 2022, FSA conducted a review of the cybersecurity posture of the current servicing systems. FSA plans to use this review to adopt a phased approach to upgrading existing FSA systems to full compliance with all Federal cybersecurity mandates. These mandates include multi-factor authentication; data-at-rest encryption protocols; “Endpoint Detection and Response” technology to better detect suspicious system behavior, block malicious/suspicious activity, and facilitate incident response; as well as the requirements for development and retention of network and system logging events. These changes are intended to better protect borrower data, prevent identify theft, and ensure continuity of service.

Long-term stability of the underlying servicing system

The current student loan servicing contracts were originally expected to expire in 2019; FSA began implementing plans for a transition to new contracts in 2015 but due to an assortment of challenges – including Administration and leadership changes, compliance with congressional mandates, multiple procurement protests, and the other root causes of failure described above – new awards for a long-term servicing system solution were not completed. This has created an environment of uncertainty that undermines FSA’s ability to make prudent investment decisions regarding cybersecurity and integration with other FSA systems including DCC and EDMAPS. Completing the transition to a stable long-term system solution would reduce the unnecessary and costly administrative burden of continuing to extend legacy contracts and provide much-needed certainty for stakeholders in the student loan system. It would also allow FSA to focus its resources on other priorities, including building a better servicing experience for borrowers in the long term.

USDS: Budget Request

The fiscal year 2023 Budget Request includes $230.1 million in new funding for activities associated with the development of the long-term loan servicing solution. The requested funding will be used to achieve the objectives outlined above through cybersecurity enhancements, system integration efforts, and enhanced data collection and the development of a servicing data infrastructure.

The Department requires significant upgrades to our fundamental technology infrastructure to appropriately safeguard and manage the student loan accounts of over 35 million Americans who are currently not in default. Cybersecurity threats are becoming more sophisticated, while our systems continue to age and become more difficult to safeguard. Moving from servers to the cloud allows for safer and more agile processing, but it is a big leap forward and costly.

FSA needs to upgrade the software, hardware and processes used to safely collect and move account data from system to system, as well as adequately inform and guide loan borrowers. Accounts may span twenty years or more, and each may include multiple consolidations and thousands of transactions. FSA’s data needs are substantial due to the amount of highly sensitive data that must be safeguarded as well as the complexity of the student loan programs. This investment allows FSA to assist borrowers quickly and effectively so they can stay current on their loans.

The request is provided in the following chart and broken down into sub-categories.

Category	Activity	Amount
System Integration	Integration with key FSA systems, including Digital and Customer Care (DCC) Digital Platform, EDMAPS, Next Gen NSLDS, and Debt Management and Collection System (DMCS)	$40.0M
	Development of an Enterprise API Gateway to connect servicers' systems to StudentAid.gov and other FSA systems	$25.1M
	System integrator and support services	$25.0M
	Other legacy FSA system changes to support long-term servicing plan	$22.0M
Cybersecurity	Ensuring servicers' systems are able to meet modern cybersecurity requirements including Identity and Access Management	$80.0M
Data	Implementing enhanced data collection and the development of a single servicing data infrastructure; ingesting data from legacy systems and EDMAPS enhancements; and developing and launching account management and repayment functionality on StudentAid.gov	$38.0M

System Integration: $112.1 million

Integration between FSA systems and the loan servicers is critical to deliver customer improvements and enhance accountability, including efficient loan transfers. This will be a sharp departure from the current servicing environment, which contains a lot of data but does not effectively integrate that data so that it can be used to provide improved service to borrowers. The Department requests $112.1 million for system integration efforts, which includes the following discrete activities.

The Department is developing a phased plan for an enterprise solution to document, secure and manage all data moving between FSA and external systems, including IRS and loan servicers. FSA currently uses nine Application Programming Interface (API) solutions to manage data exchanges and closely integrate with access management. During fiscal year 2022, FSA will develop a procurement to build a common API gateway; implementation will take place in fiscal year 2023. This foundational initiative for data management is necessary to safely and accurately use data to help borrowers and make sound operational decisions. Additionally, based on the Executive Order Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government, FSA will develop the API gateway for single sign on, so borrowers will log on to StudentAid.gov to access their loan servicer's site.

A systems integrator is an entity that specializes in bringing together component subsystems into a functional whole. The system integrator will have experience with large, complex programs to perform integration across multiple contracts using proven tools and methodologies.

There is significant interdependent development with the SABER initiative, the long-term servicing plan, and new Next Gen systems including EDMAPS, NSLDS, and Partner Connect. During fiscal year 2023, FSA plans to award a contract to an integrator, and FSA staff and additional support will be aligned with the integrator to best manage these complex interactions and interdependencies.

FSA will also ensure that FSA systems are integrated with the servicers to deliver customer improvements as well as migrating data at the start of the new contracts. FSA must have secure, robust connections between DCC, EDMAPS, and the servicing systems for borrowers to use the web functionality that is being developed.

In addition, the long-term goal is to make loan transfers completely transparent to borrowers, so borrowers can track pending payments during the period of transition from one servicer to the next. Currently, when loans are transferred between servicers, borrower data is sent on spreadsheets. Data of thousands of borrowers is transmitted via thousands of lines in Excel spreadsheets. This is an antiquated process. It takes time to populate the spreadsheets, load the data in the receiving system, and reconcile the transfer. If a payment is sent during this time, there may be a delay in posting, and borrowers can be confused as to who is servicing their loan.

To modernize loan transfers, FSA will need to standardize transactional data in a commonly available format and develop a plan for direct integrations between Default Management Collection System and the servicing systems to allow for efficient loan migrations and better data exchanges. This requires development within EDMAPS so that FSA can store this data, as well as integration capability with servicer systems to ensure vendors who need access to the data are able to receive it in a timely manner.

During fiscal year 2023, there will need to be additional system integration efforts resulting from negotiated rulemaking during fiscal year 2022, including changes to servicers systems and implementation of new functionality on StudentAid.gov related to discharge programs, IDR, and PSLF.

Cybersecurity: $80.0 million

The Department requests $80.0 million to ensure the future USDS servicing systems fully comply with all Federal laws, policies, and Executive Orders on cybersecurity and privacy. Cyberattacks are only increasing, and FSA must take additional steps to monitor access and prevent bad actors from using fraudulently obtained credentials to create customer accounts on StudentAid.gov. In fiscal year 2022, FSA conducted a preliminary review of the current servicing systems' cybersecurity compliance postures to better inform the future state. FSA then defined compliance requirements and began a series of incremental changes to address a subset of the existing gaps that will carry over into the requirements for the future servicers. The Department will need to address emerging issues through additional security measures to monitor, track, and protect data access with capabilities such as identity proofing, enhanced encryption, data segmentation, risk-based authentication, and multi- factor authentication. The potential impact of bad actors using fraudulently obtained credentials to create and access customer accounts can negatively affect our customers' financial future. The Department expects new and more complex threats to surface in coming years. It is thus critical that certain steps occur to continue to protect the increasing amounts of data on FSA and servicing systems.

Multi-Factor Authentication/Access Control

In fiscal year 2023, FSA will implement a Zero Trust Architecture designed to protect modern environments and enable digital transformation by using strong authentication methods, isolating borrowers' privacy data, protecting compromises from expanding into other systems, and allowing access only when required. FSA will design, implement, and operate a multi-factor authentication, identity proofing, risk-based authentication, with a single sign on and access control capabilities. Multi-factor authentication ensures students have secure access to their, and only their, information. These features will enable a Zero Trust Architecture and secure access to data from our internal and external users.

A prioritized, incremental implementation will start with privileged users in parallel to new customers accessing DCC before expanding to the existing user base. Among the incremental changes are modifications in the access control process to ensure properly authorized customer service representatives are using multi-factor authentication and single sign on solutions to validate their access. During fiscal year 2022, FSA is deploying multi-factor authentication for borrowers and school officials to access the FAFSA forms, submissions, and account information on StudentAid.gov. Once fully implemented, FSA will require external StudentAid.gov users to enter a code sent to their phone or email in addition to their login and password credentials each time they access the information system.

Trusted Internet Connection (TIC)

To prepare for future requirements, and to comply with the Trusted Internet Connection (TIC) mandate, in fiscal year 2023 FSA will develop and begin the implementation of the TIC 3.0 cloud overlay and ensure non-cloud-based information systems implement the full range of TIC 2.0 framework capabilities.

Enhanced Cybersecurity Monitoring Capabilities

FSA will develop a cloud-centric monitoring and response capability supporting cybersecurity data collection, analysis, fraud monitoring, and threat correlation. The capability will facilitate automated threat monitoring activities. This automation enables early detection, response, and remediation of cybersecurity incidents, vulnerabilities, and emerging threats using advanced technologies and leading practices across all FSA information systems.

Enhanced Continuous Diagnostics and Monitoring (CDM) Capabilities

During fiscal year 2023, FSA will continue to expand the current Continuous Diagnostics and Monitoring endpoint capabilities providing granular monitoring, protection, and threat mitigation. Endpoint protection enables the secure implementation of access controls and use of Zero Trust Architecture approaches ensuring only authorized and properly secured devices are allowed access to information systems and data.

Data: $38.0 million

One of the keys to improved borrower servicing is effective collection, storage, and use of data. The Department requests $38.0 million for data improvements to help drive enhancements for its customers. Specifically, FSA plans to implement enhanced data collection, develop a single servicing data infrastructure, and launch account management and repayment functionality through StudentAid.gov.

Enhanced Data Collection

Personalizing the Studentaid.gov experience for borrowers will address many of the pain points and alleviate much of the confusion associated with repaying loans. With more than 35 million non-defaulted borrowers currently being serviced, one size does not fit all. With access to additional data elements, FSA will be able to tailor specific borrower messages at the most opportune time to assist borrowers to stay current on loans and avoid default.

FSA has started the work to build a logical data model and data dictionary. It has been a challenge to improve overall data management while the Department has had many servicers and servicing systems, each with a unique way of managing data. The decline in the number of servicers in recent years has introduced an opportunity to for FSA to build a common data model, which will improve the ability to collect and store data from disparate servicer systems, enabling easier account transfers and repayment account functionality on StudentAid.gov.

Single Servicing Data Infrastructure

One of FSA's long-term goals is to host all servicer data by ingesting data from legacy servicing systems. To achieve this centralized data hub, FSA will finalize the enterprise data model during fiscal year 2022. In fiscal year 2023, development work will occur for the foundational infrastructure.

StudentAid.gov Enhancements

While most of the data components that feed into StudentAid.gov functionality reside in the EDMAPS, the analytics feature of the Enterprise Data Warehouse and Analytics (EDWA) has been in use for years and is well developed for consolidating data from multiple FSA systems. Such consolidation enables better reporting, vendor performance management, portfolio analysis, and identification of borrowers in need of assistance. The features used to support operations and store and share data will be developed during fiscal year 2022, including the establishment of a security framework, creation of a data governance program, and preparation of modules needed to support short-term enhancements.

The fiscal year 2023 enhancements will build on the work of fiscal year 2022 and will support the personalization of StudentAid.gov and borrower communications. StudentAid.gov will be involved with most of the fiscal year 2023 enhancements, as it is the location to encourage self-service for all borrowers, families, and students. While improvements have been made to communications, the next phase is to integrate more customer data to personalize messaging. EDMAPS data is being used for personalized communications as part of the return to repayment and delinquency avoidance efforts. FSA will further build out the EDMAPS system to collect and feed borrower data to the Marketing and Communications platform to identify more closely customers' needs during fiscal year 2023.

Loan Servicing: $1,236.1 million

On March 20, 2020, in response to the COVID-19 emergency, FSA began providing temporary relief on Department-owned Federal student loans by suspending loan payments, halting collections on defaulted loans, and instituting a 0 percent 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, first in August 2020, and again in December 2020. On January 20, 2021, President Biden extended the payment pause for Direct Loan borrowers through September 30, 2021, and the Department further extended the pause two more times in August 2021 and December 2021. In March 2021, the Department expanded the emergency relief measures to Federal student loans made through the FFEL program that are in default and held by guaranty agencies. The Department was able to provide payment relief to nearly 27 million borrowers. Even more borrowers have benefited from the suspension of interest accrual. In total, more than 42 million borrowers have benefitted from the pause on payments, interest, and collections.

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, more than 3.2 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. Also at risk are the approximately 3.0 million borrowers who completed undergraduate study between March 2020 and January 2022. 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 committed to ensuring that borrowers can successfully resume student loan repayment and remain in good standing with their student loans and is preparing to assist all borrowers in resuming payments with a particular focus on those who are most at risk. The Department will execute a multi-channel communication and engagement plan to raise awareness of the resumption of payments and direct all borrowers, particularly those who need assistance, towards available resources. FSA will continue 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 information about how borrowers can navigate returning to repayment. The Administration is also considering a range of initiatives to give borrowers a smooth reentry into repayment, as well as policies to improve the processing of existing loan discharge programs to ensure that borrowers who are eligible for discharges actually receive them. This will allow servicers and FSA to better focus resources on supporting borrowers back into repayment.

Loan servicers will also play a key role in helping borrowers successfully transition back into repayment, and the Department is working to ensure that servicers provide borrowers with appropriate outreach regarding payment resumption and assistance to meet their repayment needs. Servicers are communicating with borrowers who are enrolled in auto-debit/automated clearing house (ACH) and will confirm the borrowers' enrollment post-payment pause. Additionally, borrowers will not need to recertify for an IDR plan until six months following the end of the suspension of payments, and additional flexibilities have been offered to borrowers to allow for self-certification of income and family size. There will be an expansion of call center operations to assist borrowers beyond standard hours of operation.

Loan Servicing Contracts

Currently, seven entities service Department-held Direct and FFEL loans: Nelnet, Great Lakes, Pennsylvania Higher Education Assistance Agency (PHEAA), Aidvantage, Missouri Higher Education Loan Authority (MOHELA), EdFinancial, and Oklahoma Student Loan Authority (OSLA). One of these loan servicers, PHEAA, will discontinue their relationship with FSA as a loan servicer effective December 2022. FSA is working with PHEAA to transfer approximately 8.5 million borrowers to other loan servicers while minimizing disruption for customers. As of early March 2022, approximately 55 percent of the PHEAA portfolio has transferred to other loan servicers, with the remaining accounts scheduled to move before borrowers return to repayment in May. PHEAA currently manages two specialty programs, PSLF and Teacher Education Assistance for College and Higher Education (TEACH). Accounts for these programs will transfer in July 2022. The Department was successful in the previous transfer of borrower accounts from Granite State Management & Resources to remaining servicers, which occurred from August through December 2021. Additionally, the Department also has two servicers for Perkins Loan borrowers and borrowers in default.

Contracts for the remaining six servicers (Nelnet, Great Lakes, Aidvantage, MOHELA, EdFinancial,and OSLA) of the Department-held Direct and FFEL program loans were recently extended through December 2023 using authority provided by Congress. These extensions ensure stable operations while FSA works to implement a long-term servicing solution and introduce additional accountability and performance provisions. With both the extension of legacy servicing and the development of a long-term servicing solution, the Department is focused on improving outcomes for student loan borrowers while increasing 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.

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, and delinquency). The pricing of these tiers is affected by the Employment Cost Index (ECI), which was included in the original servicing contracts. The ECI is an inflation indicator for service labor categories within the contracts. The costs for the borrower statuses have been adjusted in fiscal year 2022 to include a 1.8 percent inflation adjustment. A further adjustment of 2.03 percent is expected for or fiscal year 2023. Total costs for servicing are also determined by the number of months of servicing, which is typically 12 months. Funding for less than a full year presents an incomplete picture of actual program costs and introduces the risk of disruptions in operations in the event of a continuing resolution or government shutdown.

For fiscal year 2023, the Administration requests $1,236.1 million for loan servicing, $362.5 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation, which includes $1,113.6 million for operations and maintenance and system development work for legacy loan servicing; $85.0 million for operations and maintenance and development work of the Debt Management Collection System; $32.5 million for operations and maintenance and development activities for Perkins Loan and Health Education Assistance Loan servicing, TEACH grant tracking and servicing costs, Total and Permanent Disability application processing and servicing, and PSLF application processing; and $5.0 million for Treasury lockbox services.

PSLF Improvement Efforts

In response to ongoing challenges to borrowers accessing forgiveness through PSLF and other operational shortcomings in the program, the Administration has made it a top priority to ensure that borrowers realize the benefits they have earned. While the Administration has already begun making administrative and operational improvements to improve access to PSLF, additional changes continue to be developed throughout fiscal year 2022 that will take more time to implement.

In addition to the improvements to PSLF, FSA is in the process of transitioning PSLF servicing from PHEAA to MOHELA. Work to transition PSLF system functionality to

MOHELA is underway and is simplified by the fact that MOHELA already uses PHEAA's core servicing platform. FSA is also working with both vendors to ensure future servicer compliance with a commitment to provide timely and accurate assistance to PSLF borrowers and to address the existing application backlog. FSA and its partners will also need to be ready to implement any future programmatic changes, including those associated with ongoing negotiated rulemaking efforts. Below are the current PSLF priorities that are in process.

Limited PSLF Waiver

On October 6, 2021, the Department announced a limited-time change to PSLF program rules. The new, temporary rules waive statutory requirements, and allow any prior period of repayment to count as a qualifying payment, regardless of loan program, repayment plan, or whether the payment was made in full or on time. Borrowers continue to need qualifying employment in order to benefit. This change applies to student loan borrowers with Direct Loans, those who have already consolidated into the Direct Loan program, and those who submit a consolidate application into the Direct Loan program by October 31, 2022. As of March 2022, 105,000 borrowers have been identified for $6.4 billion in forgiveness under the Limited PSLF Waiver, and nearly a million additional borrowers have now moved closer to forgiveness, due to increased payment counts under the Limited PSLF waiver. The Limited PSLF Waiver is set to expire after October 31, 2022.

Establish an Interim Reconsideration Process

On October 13, 2021, the Department entered into a settlement agreement with the American Federation of Teachers AFL-CIO (AFT). The settlement requires the Department to establish an interim reconsideration process for PSLF. By April 2022, FSA will provide borrowers with an interim online submission process to request reconsideration of PSLF and Temporary Expanded PSLF (TEPSLF) prior employment or payment determinations.

Digital Signature and Submission

FSA is working to provide borrowers and employers with digital signature and submission capabilities on the PSLF Help Tool for the PSLF & TEPSLF Certification & Application (PSLF form). The goal of this effort is to improve the customer experience by making submission of the PSLF form as seamless as possible, while improving FSA's ability to track a user's form from submission through processing.

Enhance the PSLF Employer Eligibility Database

Currently, a borrower engages with the PSLF Employer Database by logging into the PSLF Help Tool with their FSA ID. Beginning in summer 2022, FSA is making a standalone PSLF Employer Database available to borrowers that does not require a login and will allow anyone to check the eligibility of an employer. This is also helps support borrowers who may benefit from the Limited PSLF Waiver by providing them with the ability to review their employer's eligibility prior to taking steps to consolidate their loans.

Additionally, FSA is expanding the number of Employer Identification Numbers (EINs) in the employer database by purchasing EINs from Thomson Reuters, which will then be integrated with the Employer Database.

The following priorities are supported by an Executive Order, Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government, directing that Government leaders account for the experiences of the public in seeking Government services.

Certify Employment for Federal Employees

FSA plans to use Federal employment data from the Office of Personnel Management (OPM) through a Computer Matching Agreement (CMA) to compare data in FSA's systems to produce a segment of borrowers who meet the program requirements for PSLF and TEPSLF. FSA will then be able to inform eligible Federal employees about PSLF and TEPSLF, certify employment, count payments for borrowers with the PSLF Servicer, and process forgiveness, if applicable.

The addition of OPM employment data involves significant enhancements to the PSLF Servicer processes, procedures, and systems. This would involve the development and implementation of an interface file between NSLDS and the PSLF Servicer to receive, process, and store the employment data. Additionally, updates to existing PSLF Servicer letter streams and websites would be needed to support the enhanced employment reporting for federal employees.

Certify Employment for Active-Duty Service Members

FSA plans to use data through a CMA with the Department of Defense (DOD) to inform eligible service members about PSLF and TEPSLF, certify periods of employment and count payments for service member borrowers with the PSLF Servicer, and process forgiveness, if applicable.

DOD employment data involves significant enhancements to the PSLF Servicer processes, procedures, and systems. This would involve the development and implementation of an interface file between NSLDS and the PSLF Servicer to receive, process, and store the employment data. Additionally, updates to existing PSLF Servicer letter streams and websites would be needed to support the enhanced employment reporting for DOD employees.

Federal Student Aid IT activities: $180.4 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 the

Department's Office of the Chief Information Officer to ensure compliance with the Federal Information Technology Acquisition Reform Act and other IT requirements.

The below descriptions provide details for FSA's IT activities and investments within the Enterprise Technology Directorate.

FSA Cybersecurity Program: $74.9 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 $1.6 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 2023 request includes $63.0 million to support continuation of existing services and new or expanded capabilities to address known gaps and threats, an increase of $12.4 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation.

The request allows FSA to address several major shortfalls and new programs through the expansion of the Department of Homeland Security's directed continuous monitoring program to the servicers, TIVAS, and systems hosted by third party vendors and the integration of automated data feeds to enable situational awareness and the monitoring of all FSA information systems. The fiscal year 2023 request focuses on the complete integration of all FSA information systems in a continuous assessment program that ensures FISMA compliance and verifies the cyber hygiene for each information system in a continuous and repetitive cycle. FSA will continue to address some of the actions associated with Executive Order 14028: Improving the Nation's Cybersecurity.

The Development Security Operations (DevSecOps) initiative allows FSA to continue the implementation of a development process by integrating security throughout the workflow, which allows for secure architectural designs, efficient system integration, and the delivery of secure applications. The effort will streamline the accreditation process and deliver secure information systems designed by best practices (i.e., data segmentation and privacy protection through encryption). DevSecOps includes the implementation of an enterprise-wide API management solution, which brings centralized management, accountability, and security to thousands of system interfaces across FSA information systems. To support these implementation actions, FSA will develop a robust, cloud-based security operations capability ensuring end to end monitoring of the current systems. This will support the planned SABER and Next Generation modernization efforts, which will need to comply with Federal law have access to FTI.

Identity and Access Management (IAM)

IAM includes multiple systems and capabilities and 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 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 2023 request of $11.9 million for IAM supports the development of Risk-Based Authentication, which will perform high assurance identity verification and enhance identity security using an automated service and enhanced multi-factor authentication capabilities supporting Executive Order 14028.

Next Generation Data Center (NGDC): $61.2 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, increase availability and reliability of services that support FSA operations, improve elasticity and scalability of resources to the cloud environment, and preserve legacy mainframe capabilities and infrastructure.

Additionally, the Data Center Dedicated Circuits provide the telecommunications backbone to FSA systems and call centers. These network services, and Trusted Internet Connection capabilities, include services for the NGDC, call centers, and high value assets, supporting system management functions and inquiries into data processing by external stakeholders. Data Center Dedicated Circuits include data and voice lines and toll-free numbers.

The fiscal year 2023 request includes $61.2 million, $14.7 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation, for operations and maintenance. This investment and is necessary for planning the closure of the physical data center and migration of applications to the cloud environment. The request represents organic growth within the data center in addition to scheduled projects (cloud expansion, system migration, EO 14028 enhancements, Internet Protocol Version 6 transition, and Transport Layer Security 1.3 upgrade).

Enterprise Software Licensing (ESL): $23.2 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 and gain economies of scale from volume pricing discounts.

The fiscal year 2023 request is $23.2 million, $5.0 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation. Funds would secure licensing to support t the Next Gen Digital and Customer Care, SABER initiative, migration to an integrated cloud structure, and other enterprise activities.

FSA IT Management: $14.7 million

FSA IT Management 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.

Specific FSA IT Management capabilities include an Enterprise API Management solution to centralize management and control interface growth, while ensuring interfaces are designed and used in a secure manner across all FSA systems. The operation and maintenance of the technology platform and technical support services is designed to provide security, control, integration, and optimized access to a full range of mobile, web, application programming interfaces and service-oriented architecture. This includes integrated technical architecture, middleware architecture and transitional activities supporting cloud computing. Additionally, application performance testing analysis provide the services to ensure FSA applications are appropriately configured and adequate capacity is deployed for mission critical applications in production environments within the NGDC.

This initiative also includes support for subject matter expertise in Enterprise Architecture and Capital Planning/PfM to analyze, design, plan and implement enterprise solutions to successfully execute business strategies. This support assists FSA to structure IT projects and policies to achieve desired business results and be informed on industry trends. IT engineering expertise is provided to ensure technical solutions meet FSA requirements and represent industry best practices. Project management support provides project governance, project prioritization and reporting, risk and schedule management, and project management training. The fiscal year 2023 request includes $14.7 million, $1.7 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation, for operations and maintenance.

Enterprise Business Management System (EBMS): $5.4 million

EBMS is FSA’s solution to automate several manual paper-based processes, most of which are not currently supported by technology solutions. EBMS enables FSA business units to improve internal business processes and workflows unique to FSA processes; provide flexibility in adapting to changes in workflows and business rules due to legislative, regulatory, or operational requirements; and be responsive to time-sensitive business needs. In addition to workflow automation and increased visibility into work progress, key outcomes of the EBMS solution are document management, trend analysis, and report generation. These goals are also supported by the Enterprise Business Collaboration initiative, which provides FSA and the Department a platform where the Department can collaborate across the agency with Microsoft SharePoint.

The fiscal year 2023 request includes $5.4 million, $2.0 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation, for operations and maintenance and development activities to enhance current workflow and processes.

Student Aid Internet Gateway (SAIG): $1.0 million

SAIG and its Electronic File Transfer (EFT) system provide telecommunications and data transmission solutions for FSA's institutions (post-secondary schools, lenders, and guaranty and State agencies), the various Title IV application systems, and external government agencies that connect to them. SAIG supports the sending and receiving of Privacy Act data for processing and reporting on financial aid. The EFT system is used by Title IV application systems to transmit and receive data for processing by government agencies including the Social Security Administration, Veterans Administration, Department of Treasury, and the Department of Homeland Security. The fiscal year 2023 request is $1 million for operations and maintenance, which is level with a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation.

FSA Core Systems and Other Non-Major FSA Activities: $417.8 million

There are various core systems and FSA activities that assist in Federal student aid delivery throughout the student aid lifecycle. 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): $93.6 million

DCC launched in 2019 as the digital front door for students, parents, and borrowers. DCC allows these customers to interact with FSA through their preferred communication channel including, web, mobile app, phone, chat, virtual assistant, email, text, or social media. It 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 a 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, which will reduce the need for manual activities including faxing and mailing documents, all of which results in a more efficient delivery of services to customers.

Customers first interact with FSA when they create an FSA ID and complete their FAFSA on StudentAid.gov. They continue to use StudentAid.gov to complete other important steps in the aid process, such as engaging in student loan entrance and exit counseling and signing a master promissory note. However, once repayment starts, borrowers interact directly with one of FSA's many loan servicers and receive less communication directly from FSA. This can create a disjointed, inconsistent, and confusing borrower experience, where borrowers are less likely to access and benefit from the tools and services provided on FSA's website, such as the IDR Application and Loan Simulator.

During fiscal year 2022, DCC will begin to develop increased repayment-related self-service functionality on StudentAid.gov, including an e-sign and submit solution for the PSLF Program. This will form the foundation for additional repayment and account management functionality on StudentAid.gov, which will ultimately become the single portal for all federally managed borrowers to repay their loans. The customer care platform will also continue to be expanded to include new training materials for BPO contact centers to ensure consistent answers are provided to borrowers, and the marketing and communications platform will continue to be expanded to include, communications related to loan servicing. Additionally, the DCC solution will be leveraged to build out and transition specialty servicing programs away from loan servicers and to the BPO providers; this work is set to begin in fiscal year 2022 to ensure a continuation of services going into fiscal year 2023.

The fiscal year 2023 request is $93.6 million, $29.2 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation. The fiscal year 2023 request will support FSA customers with the ability to contact FSA to learn about their loan options, gather their loan/grant information into a single source, or determine the best repayment plan for their particular circumstances.

Business Process Operations (BPO): $69.3 million

In fiscal year 2023, BPO will continue contact center and back-office operations for the non-servicing activities, which includes work previously handled by several 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 Title IV Origination and Disbursement contract). This is a major step in providing enhanced customer support, improving customer service, and providing operational flexibility. BPO will also take on new work to include contact center and back-office processing support for FSA's Specialty Servicing Program (PSLF, TEPSLF, TPD, and TEACH), as support of these programs can be done outside of a loan servicing environment. The $69.3 million for fiscal year 2023 is for ongoing operations and maintenance, $9.5 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation.

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 ongoing 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. Additionally, FSA continues to work on the next phase of the BPO implementation to support default collections. Costs associated with those functions are factored into loan subsidy estimates and are not included in the Student Aid Administration appropriation.

Transformation Support Contract: $1.7 million

The Transformation Support contract provides resources to address technical gaps in the existing workforce for the Next Gen initiatives and SABER. The resources provided to support activities such as market research, technical support, and governance requirements. Without this critical support the execution of program releases within FSA would be delayed past critical milestones.

Institution Engagement and Program Compliance

Title IV Origination and Disbursement System (TIVODS): $83.9 million

Through the TIVODS contract, the COD system will originate and disburse approximately $126 billion in student aid to millions of student recipients in fiscal year 2023. 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. The BPO started providing contact center and applicant support services for students in fiscal year 2022, and those services have transitioned out of the TIVODS contract resulting in decreased system costs.

The fiscal year 2023 request of $83.9 million is needed to provide continual operations and maintenance and support development activities for optimal system performance.

Next Gen Partner Participation and Oversight (PPO) Initiative: $63.9 million

In fiscal year 2023, the Department will disburse more than $126 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. FSA is transforming the experience for schools and financial aid offices through the implementation of a new technology platform, FSA Partner Connect. The current landscape requires schools to interact with multiple systems to determine student eligibility for aid, process awards, and report and reconcile funding information. Many of the processes are heavily manual or are dependent on outdated, vulnerable systems.

In early 2021, FSA launched FSA Partner Connect —a new, digital portal that serves as the foundational platform for FSA partners—at fsapartners.ed.gov. FSA Partner Connect features the Knowledge Center which replaced the Information for Financial Aid Professionals (IFAP) website. The redesigned site offers a new look and feel, streamlined information, and improved search capabilities. The Knowledge Center also includes the Federal Student Aid Handbook presented in a more searchable and user-friendly format that will help schools quickly access information on how to effectively administer Federal student aid, which will substantially improve students' and borrowers' experience. In addition to the above completion of Release 1.0, development is underway for another major release, Release 2.0 that is focused on an extensive redesign of the Application for Approval to Participate in the Federal Student Financial Assistance Programs (E-App), which schools use to apply to participate in Title IV programs. The release, slated for late summer 2022 implementation, also includes the re-engineering of the Postsecondary Education Participants System, one of FSA's oldest and most technically vulnerable systems.

The Next Gen Partner Participation and Oversight Initiative also includes additional implementation plans that would integrate the remaining partner-facing sites into FSA Partner Connect. Following the integration of the E-App and PEPS solution, implementation efforts will shift to Release 3.0 that integrates the FSA Conference site (fsaconferences.ed.gov) used for the annual FSA Training Conference and the Student Aid Internet Gateway (SAIG) Enrollment site (fsawebenroll.ed.gov), which allows schools and partners to enroll and manage data access as well as securely exchange data with FSA systems. These efforts will result in the retirement of six individual FSA partner-facing sites as they have transitioned to FSA Partner Connect.

The fiscal year 2023 request is $63.9 million, $47.1 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation, to support the Partner Connect operations and continued development to achieve the planned target state. The core component of these funds is for the anticipated contract award, transition costs and the initiation of major development work to continue the work of Next Gen PPO. Major development plans include the integration of the remaining partner-facing sites and solutions that are used by more than 5,600 postsecondary institutions including ezaudit.ed.gov, cod.ed.gov, FAAaccess.ed.gov, nsldsfap.ed.gov, nsldstraining.ed.gov, financialaidtoolkit.ed.gov, partners.ed.gov, ecdrappeals.ed.gov, experimentalsites.ed.gov, and dmcseddebt.ed.gov.

When complete, Partner Connect will serve as the single-entry point for the various Title IV business functions for school and partners as well as introducing proactive analytical capabilities to target oversight resources on high-risk schools. This, in conjunction with a plan to centralize and consolidate partner customer service, will create an opportunity for FSA to further streamline aid delivery and oversight processes.

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.

Enforcement and Oversight: $4.4 million

FSA is responsible for monitoring and oversight of the more than 5,600 schools that participate in the Department of Education's Federal Student Aid programs, in addition to the third-party service providers for those schools. FSA accomplishes this oversight through its Office of Partner Participation and Oversight (PPO), which includes the School Eligibility and Oversight Service Group (SEOSG). PPO engages in a wide variety of oversight activities, including assessment of school eligibility to participate in the Title IV program, assessment of school financial responsibility, oversight of cohort default rate and 90/10 reporting, and review of proposed changes in ownership.

While these oversight activities gauge compliance for all institutions in the Title IV program, there are a limited number of instances where more in-depth and targeted investigations are required to identify violations that pose widespread risks to students and taxpayers. For example, certain institutions have been found to have systemically provided prospective students with materially false information to induce their enrollment and attendance. In those cases, students have been left worse off than if they had never enrolled at that institution, and scarce federal resources were misused. Misrepresentations could also be made to the Title IV program itself; for example, a school that manipulates the data underlying the mandatory reporting of its default rates to maintain program eligibility.

These types of program violations can be extraordinarily costly to students and taxpayers. However, they would not necessarily be detected through the Department's standard oversight processes or annual compliance audit requirements, which are focused on compliance with various program requirements such as mandatory reporting, program and student eligibility, disbursement requirements, and student refunds. Recent history includes examples of instances where law enforcement agencies uncovered misconduct not detected through FSA's typical oversight processes. For example, enforcement officials at the Consumer Financial Protection Bureau (CFPB) and multiple states' attorneys general found that Corinthian Colleges misrepresented job placement rates, the employment prospects of graduates, and made other substantial misrepresentations to prospective students while the for-profit chain maintained eligibility for the Title IV program. The fraud uncovered by enforcement investigations ultimately resulted in closure of the school, and imposed staggering costs and burdens on students, the Title IV program, and taxpayers. To date, the Department has discharged over $200 million in loans to Corinthian students through the Closed School Discharge program, and an additional $1 billion in loans through the Borrower Defense program.

Another example of a school where costly fraud was detected by entities outside of the Department is ITT Technical Institute (ITT), which similarly made widespread material misrepresentations to borrowers over a period of several years. ITT's misconduct was uncovered by the Senate HELP Committee, a multi-state group of Attorneys General, the CFPB, and the Securities and Exchange Commission. Not only did ITT's long-standing misconduct have a devastating impact on ITT's students; to date, it has cost taxpayers $1.5 billion in Closed School Discharges, and $600 million in Borrower Defense Discharges.

Finally, in 2020 the Department of Education assessed a $700,000 civil monetary penalty against Temple University after the Pennsylvania Attorney General found that the school made substantial misrepresentations about the nature of its educational program, specifically by providing inaccurate information to U.S. News and World Report to inflate the ranking of its business school and increase enrollment and revenue. The Department's settlement with Temple followed a multimillion-dollar payment to settle a class action lawsuit in addition to the investigation and settlement with the Commonwealth of Pennsylvania.

Starting in fiscal year 2022, FSA has supplemented its oversight function by establishing an independent Office of Enforcement to increase organizational capacity to pre-emptively address cases of fraud.[1] The work of this office will not replace or duplicate the compliance work undertaken by the Office of Partner Participation and Oversight. Rather, this office will be charged with proactively identifying and addressing substantial misrepresentations like those described above; rare but serious violations that have been shown to impose outsized costs on borrowers and the Title IV program.

The Office of Enforcement performs several important functions within FSA. During fiscal year 2023, the office will develop and administer a risk model aimed at identifying schools and service providers potentially engaged in misrepresentations that could impose significant cost on students and taxpayers. The risk model will consider data, such as the number of student complaints against a school, completion rates, sharp increases or decreases in enrollment, and default rates, in addition to other factors such as relevant investigations by other regulators and whistleblower tips and leads. The office will investigate a limited number of schools deemed to pose the highest risk. Where warranted, the office will also initiate enforcement actions, which could include fines, limitation actions, or termination from the Title IV program. Finally, the office will administer the Borrower Defense program, through which borrowers who were defrauded by their schools can receive a discharge of their Federal loans.

Funding needed to support the Office of Enforcement is modest relative to the size of the program, and to other Federal regulators who oversee significant markets and programs. The fiscal year 2023 request will enable FSA to root out some misconduct directly, and signal to the rest of the Title IV participants that substantial misrepresentations to students and the program will not be tolerated.

To accomplish the intended goals of the Office of Enforcement, the Administration requests $4.4 million, $4.0 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation, for non-pay needs, specifically for the Borrower Defense initiative and Enforcement Operations.

- Borrower Defense (BD): $4.0 million
  The Borrower Defense initiative supports Loan Repayment application processing and borrowers and schools' ability to provide supporting evidence for BD claims and costs related to notification of borrowers. FSA must adhere to the BD repayment regulation and any rule changes, while maintaining the BD platform. The fiscal year 2023 request of $4.0 million will provide ongoing operations and maintenance and development work to improve current manual processes, increase tracking/customer usability information, and automate portions of court ordered mailings for enhanced rapid responses.

- Enforcement Operations: $400,000
  Enforcement Operations is the funding required for the access and continual operations and maintenance of the Department of Justice's e-Discovery system. e-Discovery provides litigation support services and electronic file processing for ongoing litigation.

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[1] While there is overlap between oversight and enforcement, terms are defined as the following: Oversight is the actions and processes enabling schools to effectively comply with Title IV requirements and enabling FSA's compliance monitoring and eligibility gatekeeping and Enforcement is the actions and processes identifying and responding to indicators and referrals of serious noncompliance and misconduct and borderline fraudulent activity, necessitating negative and adverse actions such as fines, debarments, or losses of institutional eligibility.

eZ-Audit: $2.7 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 2023 is $2.7 million, the same as a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation, which will provide ongoing operations and maintenance and the necessary support for development work.

Conference Management: $2.4 million

In support of FSA's mission to administer the Title IV student aid programs, FSA hosts an annual training program for schools participating in Title IV programs. Given the growth and size of the Federal student aid programs and recent changes in student aid policies, programs, and procedures, this training conference is critical to support schools participating in these programs to properly manage taxpayer resources. 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.

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). Depending upon the training delivery method, FSA trains between 6,500 and 16,000 financial aid professionals and disseminates information about Title IV programs through these forums. During fiscal years 2021 and 2022, the conferences were held virtually due to the COVID-19 pandemic.

Participation Management (PM): $2.0 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. PM is scheduled to transition into the Next Gen PPO Initiative in calendar year 2023. The fiscal year 2023 request is $2 million for operations and maintenance, $200,000 less than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation.

Data Management

Next Gen National Student Loan Data System (NSLDS): $24.2 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 described under the EDMAPS program. 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 2023 request of $24.2 million is for operations and maintenance, $12.2 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation.

Next Gen Enterprise-wide Data Management and Analytics Platform Services (EDMAPS): $22.8 million

The EDMAPS investment will provide a unified data platform and common data environment for FSA to improve accuracy and consistency of aid lifecycle data through real-time data access while leveraging advanced cybersecurity measures to reduce the risk associated with managing PII. Currently, FSA's data infrastructure is fragmented, with information spread in standalone systems that are tethered together in a patchwork fashion. EDMAPS is bringing 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 Repository with the Master Data Management establishing a master copy of key data entities after reconciling and resolving interface discrepancies among various databases.

EDMAPS will provide a more flexible data 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 2023 request of $22.8 million, $10.4 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation, is for operations and maintenance and development work. The request is necessary to support new products and services put into production and additional capacity to cover annual growth of data and services.

Enterprise Data Warehouse and Analytics (EDWA)**:** $9.5 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.

Additionally, EDWA has been leveraged in daily operations to help borrowers achieve better outcomes through outreach to borrowers at risk of default and those who are at risk of being defrauded.

The fiscal year 2023 request of $9.5 million, $2.5 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation, is for operations and maintenance and development work. This includes operations and maintenance of the warehouse and BI/analytical tool environments, as well as labor, licenses, storage, service request support, and training. The development activities include enhancements to the data warehouse. Each year, operations and maintenance for data warehouse increases as FSA houses new datasets and toolsets and operationalizes more models and data products. Specifically, fiscal year 2023 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.

Financial Management System (FMS): $6.7 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 2023 request of $6.7 million supports the operations and maintenance of FMS.

Personnel Compensation and Benefits (PC&B), Overhead and Other Non-FSA Activities: $437.2 million

PC&B: $304.6 million

The Administration's request for SAA in fiscal year 2023 includes $304.6 million in PC&B to support a total of 1,597 FTE. This includes 1,453 FTE for FSA and 144 FTE outside FSA who perform student-aid related activities 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, and the Office of Planning, Evaluation and Policy Development. The $28.2 million increase in fiscal year 2023 supports an increase of 70 FTE above the level supported by a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation. The increase also supports a 4.6 percent pay raise, projected benefits increases, awards, and overtime.

Overhead and Other Non-FSA Activities: $132.6 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 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 2023 for these activities is $132.6 million, $18.0 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation, primarily for increases in enterprise cybersecurity.

Rent: $18.2 million

Rent payments to the General Services Administration for FSA-occupied space will total $18.2 million for fiscal year 2023, f $1 million less than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation.

Centralized Information Technology: $47.8 million

Combined funding for central computer services and telecommunications will total $47.8 million in fiscal year 2023, $17.9 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation. This increase is primarily for enterprise cybersecurity programs.

Centralized Support: $52.6 million

Other non-pay central support services, including background investigations, guard services, security, and departmental training and development courses, will total $52.6 million in fiscal year 2023, $3.1 million more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation.

Student Loan Modeling Investment: $2.2 million

One key activity managed by the Office of Planning, Evaluation and Policy Development is Student Loan Modeling. The fiscal year 2023 Request is $2.2 million, a decrease of $1.4 million from the 2022 annualized CR level based on the fiscal year 2021 appropriation. The Student Loan Modeling investment provides support for developing cost estimates and budgetary impacts of student loan policies affecting the $1.6 trillion current portfolio. Given the magnitude of the portfolio, cost estimates of the student loan programs are vitally important. The Department's financial reporting, informed policy making, and effective monitoring of Government borrowing by Treasury all rely on accurate cost estimates. This investment is critical for the projection of future cost estimates and will support 1) continued development of 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, 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. The Department expects the microsimulation model to be fully operational by 2025.

- 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 2023 request of $550,000, level with a fiscal year 2022 annualized CR level based on the fiscal year 2021 appropriation, will be used to fund the agreement to continue development of the model.

- Event Generator: In fiscal year 2020, the Department awarded a contract for the MicroSimulation Event Generator. The design phase of this project is expected to last through spring of fiscal year 2022. The implementation phase will begin in fiscal year 2022 and is funded through fiscal year 2024. The contractor has reviewed the existing student loan model and assumptions, started evaluating potential data sources and has developed 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 experts in microsimulation modeling, tax data, and student loans, 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 fiscal year 2023 request of $150,000 funds technical support for the event generator microsimulation model development.

Model Validation

The Department engages with an independent vendor to provide validation of its student loan models. Vendor support has been used to review modeling methodology changes to the collections assumption; PSLF modeling; and the Death, Disability, and Bankruptcy assumption, 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 2023 includes further review of the IDR model and the microsimulation servicer emulator, and additional assumptions based on updates made in fiscal year 2022. The fiscal year 2023 request is $525,000.

Technical Support

The Student Loan Modeling investment request for fiscal year 2023 also, includes $627,000 for continued support of the current student loan cash flow model, server maintenance and upgrades necessary to house the models, accompanying data and IT administrative support.

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 2023 request for Credit Reform Support and Analysis is $394,000, $23,000 more than a fiscal year 2022 annualized CR based on the fiscal year 2021 appropriation.

Other Non-FSA Activities: $11.8 million

Other non-FSA activities, including negotiated rulemaking, College Scorecard support, centralized financial reporting support, and data collection, will total $11.8 million in fiscal year 2023, $500,000 less than a fiscal year 2022 annualized CR level based on the fiscal year 2021 appropriation.

PROGRAM PERFORMANCE INFORMATION

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. At the beginning of fiscal year 2021, FSA released its current strategic plan, FY 2020–24 Strategic Plan, which described the organization's current goals and objectives. Additionally, FSA's performance indicators were updated during fiscal year 2021 resulting from the analysis of outcomes, success criteria, and other evidence. These changes were discussed in the FY 2021 Annual Performance Report.

A subset of those goals, objectives, and performance metrics are offered within this document to support the fiscal year 2023 request and as such, some of the ordering of the performance metrics may not be sequential.

Strategic Goal 1: Empower a High-Performing Organization

For FSA to continue to excel as a high-performing organization and meet the challenges of the current environment, it must invest in the knowledge, skills, and abilities of its employees. 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 percent annually.

Year	Target	Actual
2018	67.7–72.7	62.0
2019	61.0–63.0	61.0
2020	62.0–63.0	70.0
2021	71–72	74.0
2022	75-76	
2023	TBD	

Additional Information:

FSA met its target for this metric with a result of 74. FSA first implemented a communication campaign to increase employee participation in the Federal Employee Viewpoint Survey (FEVS). The participation rate for fiscal year 2020 increased from 60 percent to 72 percent, a 12 percent increase over the prior year's survey. FSA values the perspectives of new employees who were ineligible to participate in the OPM FEVS survey and worked with Human Resources and the union (American Federation of Government Employees (AFGE) Local 252) to survey new employees on questions similar to the FEVS survey.

FSA also held focus groups to better understand the results of the FEVS and hear potential solutions to employee engagement challenges. These focus groups provided notable solutions, which led to creation of the Leadership Conversation series, a redesign of the new employee Onboarding program, monthly employee communication with The Source newsletter, and weekly communication with the "In Case You Missed It" email campaign.

Metric Definition: OPM FEVS measures employees' perceptions of whether, and to what extent, conditions and characteristics of successful organizations are present in their agencies. 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.

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.

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

Year	Target	Actual
2018	66.4–68.4	67.4
2019	67.0-69.0	65.9
2020	64.0-66.0	63.8
2021	66.25	60.87
2022	66.50	
2023	TBD	

Additional Information:

FSA did not meet its annual target on this metric. Although the gap in high school FAFSA filing for the first 12 months of the 2021–22 FAFSA filing was closed significantly (from 15.9 percent in November 2020 to 4.4 percent in September 2021), the gap was not entirely closed. This decrease is likely caused by the COVID-19 pandemic and the resulting impact of many high school seniors not attending school in person during the academic school year 2020–21. This led to FSA not meeting the goal of having 66.25 percent of high school seniors file their FAFSA forms during fiscal year 2021.

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

Performance Metric 2.1.D: 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	81.0	81.1
2022	83-84	
2023	TBD	

Note: Formerly 5.1.E in FSA FY 2020 Annual Report.

Additional Information:

FSA met its target for this metric with a result of 81.1 percent.

Metric Definition: This metric helps track performance across one of the desired outcomes of federal student aid and its impact on program completion. By following first-time filing aid recipients—such as college freshmen or non-traditional students, into their second year—it is possible to see whether FSA is making improvements in how applicants are translating the aid that they receive into educational persistence.

Strategic Objective 2.2: Provide seamless, easy, personalized digital interactions equal with top financial institutions in the delivery of financial aid products and services.

Performance Metric 2.2.E. Recurring campaign email delivery volume for outreach and communications to customers.

Year	Target	Actual
2018	N/A	N/A
2019	N/A	N/A
2020	Baseline	32.2 million
2021	33.8 million	41.7 million
2022	41.7 million	
2023	TBD	

Note: Formerly 2.2.F in FSA FY 2020 Annual Report.

Additional Information:

FSA met its target for this metric with a result of 41.7 million. FSA has developed recurring campaign emails as part of its proactive communications to its customers, including students, parents, and borrowers. These communications enabled FSA to provide important information to its customers, such as filling out their FAFSA forms and resources within StudentAid.gov. These campaigns included FAFSA renewal campaigns (winter and fall), as well as upcoming communications that are automated based on certain behavioral criteria determined by FSA and resources. The biggest challenges were the number of email campaigns FSA was sending during the fiscal year along with increasing capacity on the platform. Thus, FSA increased the number of servers available for the platform which in turn increased the number of emails it can send out.

Metric Definition: This metric measures the recurring emails that are delivered through the internal communications tool. Recurring campaigns are defined as communications that FSA sends on a consistent cadence that are not tied to immediate transactional interactions and have a yearly precedence, such as the Renewal campaign reminders. This metric helps to gauge the commitment to consistent and proactive communications.

Performance Metric 2.2.G. Customer Satisfaction Survey(s) for StudentAid.gov site and associated tools.

Year	Target	Actual
2018	N/A	N/A
2019	N/A	N/A
2020	Survey development and implementation	No survey developed
2021	Survey development and implementation	Developed Survey
2022	Baseline year to establish targets	
2023	TBD	

Note: Formerly 2.2.H in FSA FY 2020 Annual Report.

Additional Information:

FSA did not meet its annual target on this metric. The schedule for implementing the customer satisfaction surveys was adjusted to a later date to minimize risk to a successful FAFSA release in September 2021. The new surveys were launched in November 2021, and fiscal year 2022 will serve as a baseline year for customer satisfaction surveys on StudentAid.gov. The implementation of a customer feedback management software platform, and the development of OMB Circular A-11 compliant surveys, are the key organizational initiatives that will support this strategic objective. The platform includes artificial intelligence-driven text analytics that will allow FSA to more easily mine feedback for trends and escalate any feedback that warrants action. The customer feedback management software platform will greatly expand the capacity to both offer surveys across channels, and better analyze results in fiscal year 2022. By putting in this work up-front and dedicating resources to improve it over time, FSA will be automating the analysis of unstructured feedback to get deeper, more relevant insight on customer sentiment, desires, and pain points from their open-ended survey feedback.

Metric Definition: This metric intends to measure customer satisfaction with the StudentAid.gov website, including the applications, tools, and processes available on the site. The measurement of customer satisfaction would encompass activities such as completing entrance and exit counseling, or the usage of the repayment calculator that assist customers in selecting a repayment plan that best fits their needs. Customer satisfaction surveys will assist FSA in developing additional tools and offering website improvements based on their feedback.

Strategic Goal 3: Increase Partner Engagement and Oversight Effectiveness

Strategic Goal 3 is focused on how FSA will assist schools, third-party servicers, and financial institutions to deliver federal student aid, collect borrower payments seamlessly, and safeguard data integrity through oversight and monitoring. FSA will also ensure these institutions understand and comply with Title IV requirements and other relevant laws, policies, and procedures.

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
2018	N/A	N/A
2019	N/A	N/A
2020	40.0%	51.0%
2021	60.0	62.6
2022	80.0	
2023	TBD	

Additional Information:

FSA met its target for this metric with a result of 62.6 percent. As of September 1, 2021, the School Eligibility and Oversight Service Group completed 3,692 comprehensive compliance reviews for 5,894 Title IV participating partners (62.6 percent); exceeding the goal of 60 percent. Although the target was met in fiscal year 2021, recertification is a primary driver within the compliance review framework, and there is a possibility that the cadence of future recertifications will not align with future annual target goals. Current process improvements and tools executed in fiscal year 2021 will be thoroughly analyzed to support maintaining or surpassing targets in this area.

Metric Definition: 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.
Strategic Goal 4: Strengthen Data Protection and Cybersecurity Safeguards
Data protection and cyber security are two of the most important responsibilities FSA has today. Prioritizing the integrity and confidentiality of student and borrower data is a necessary step in the execution of Goal 4 within the FSA 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 percent per year.

Year	Target	Actual
2018	N/A	N/A
2019	N/A	N/A
2020	1,800	3,561
2021	2,800	3,976
2022	2,240	
2023	TBD	

Additional Information:

FSA did not meet its annual target on this metric. In fiscal year 2021 there were an increased number of business and partner systems enrolled in programs that provided a more real-time view of ongoing system security postures, i.e., Continuous Diagnostics and Mitigation (CDM), and ongoing security authorizations. Subsequently, FSA discovered a higher number of security findings with systems leading to a higher number of plans of action and milestone being created. Although the target was not met, the immediate identification of these issues affords FSA the opportunity to develop strategies to resolve them, and not allow any system to go unfixed and be susceptible to a potential breach in the future.

Metric Definition: This metric measures 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.

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

Year	Target	Actual
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	Reports Standardized and Pilot Completed
2022	Implement self-service module for reports	
2023	TBD	

Additional Information:

FSA met its target for this metric by standardizing reports and piloting a self-service module. In 2021, the Enterprise Data Office within FSA piloted a more robust self-service module to continue to expand and improve the FSA Data Center in alignment with stakeholder needs. In preparation for this initiative, FSA had direct engagement with institutional partners.

This effort has resulted in new interactive informational dashboards to be developed on StudentAid.gov during fiscal year 2022. To further support the improvement of the information stakeholders receive, additional FSA staff have been trained to expedite both the validation and automation of Data Center reporting. FSA has also worked to reduce the timeline for creating monthly data tables, which provides subject matter experts within FSA with streamlined access to the data sets, allowing more time for analysis. This process improvement has allowed the FSA data team to compile, format and submit data reports into agency clearance for approval at a faster rate than previous years.

The Enterprise Data Directorate refined the reports that will be run each month for return to repayment that it had begun during fiscal year 2020 and partnered with other FSA offices and external vendors on leveraging data for borrower outreach campaigns.

Metric Definition: This metric has a target to standardize reports and pilot self-service module in fiscal year 2021.

STUDENT AID ADMINISTRATION

Account Summary Table

Click here for accessible version

DEPARTMENT OF EDUCATION FISCAL YEAR 2023 PRESIDENT'S BUDGET

(in thousands of dollars)

	Cat Code	2021 Appropriation	2022 Estimate	2023 Request	2023 Request Compared to 2022 Estimate Amount	2023 Request Compared to 2022 Estimate Percent
Student Aid Administration (HEA I-D and IV-D, section 458)						
1. Salaries and expenses	D	981,954	980,297	1,187,788	207,491	21.17%
2. Servicing activities	D	871,989	873,646	1,466,246	592,600	67.83%
Total		**1,853,943**	**1,853,943**	**2,654,034**	**800,091**	**43.16%**

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