

## Forward Looking Initiatives

### Implementation of Changes in Federal Student Aid

The *SAFRA Act*, which was enacted as part of the *Health Care and Education Reconciliation Act of 2010*, ended the origination of new FFEL loans after June 30, 2010. This means that students previously served by the FFEL Program now receive loans under the Direct Loan Program. The Department's challenge has been to expand its capacity to originate and service the increased Direct Loan volume; train and monitor schools new to the program; and continue oversight of FFEL lenders and guaranty agencies that service the outstanding portfolios. The Department has taken actions to ensure a smooth transition, including providing outreach and technical support to schools, enhancing the key information systems, contracting with additional loan servicers, hiring additional staff, and developing contingency plans.

Over the longer term, there are opportunities for FSA to improve its rapid-response capabilities. First, FSA will further develop its ability to anticipate changes by having an ear to the ground in the marketplace, at schools, and in policy discussions. Second, FSA will improve its resourcing model to ensure that it has highly capable personnel and vendors who are available to respond to unforeseen events.

The growth in the government held Direct Lending portfolio will require FSA to procure broader support from private and nonprofit entities to service outstanding Direct Loans. In addition to Direct Loan origination and servicing, FSA will need help reaching out to customers and promoting financial literacy.

The Department has taken contractual actions to expand the Direct Loan Program's capacity to both originate and service the increased loan volume, including contract monitoring practices and appropriate system testing to ensure that systems perform adequately under increased processing requirements.

### Data Quality and Reporting

The Department, its grantees, and subrecipients must have controls in place to ensure that accurate, reliable data are reported. Data are used by the Department to make funding decisions, evaluate program performance, and support management decisions. Reported data provides transparency and allows the public to see how funds are being spent.

State educational agencies (SEAs) collect data annually from local educational agencies (LEAs). The Department has identified a number of weaknesses in the quality of its reported data and is recommending improvements at the SEA and LEA levels to establish adequate controls over data accuracy and reliability and to develop consistent data definitions and terminology. The Department continues to provide guidance and clarify requirements through the development of consistent definitions for data terms to enhance reporting accuracy. The Department recommends that the *General Education Provisions Act*, which applies to data reporting requirements for grant applicants, be amended to require management certifications of the validity and reliability of submitted data, along with assurances that the systems maintaining the data have adequate controls in place to ensure accuracy and comparability of data that are reported to the public, Congress, and the American people.

## Oversight and Monitoring

The Department is committed to effective oversight and monitoring of programs and operations to ensure that funds are used for the purposes intended, that programs are achieving goals and objectives, and that the Department is obtaining the products and level of services for which it has contracted. The complexity of factors for this initiative include the numbers of different entities and programs requiring monitoring and oversight, the amount of funding that flows through the Department, and the impact that ineffective monitoring could have on the students and taxpayers.

Four areas are highlighted for action:

For FSA program participants, the Department will improve oversight and monitoring, risk assessment, and control activities including audits of loan eligibility, program reviews at guaranty agencies, and identification of improper payments for recovery.

For distance education, the Department has initiated program reviews at high-risk schools based on risk indicators and schools identified as participating in federal aid programs that may not be complying with program requirements, including schools offering distance education, which have had recent, significant increases in enrollment numbers and funding.

For grantees, the Department is developing financial monitoring training for program staff, exploring the establishment of a dedicated group of financial monitoring experts, evaluating alternatives for improving information sharing about monitoring, and developing a technical assistance plan and training curricula to provide enhanced guidance and training to state and local officials.

For contractors, the Department is implementing a procedure to monitor all new and existing contracts and to develop a training program reinforcing the Department's contracting processes, applicable laws, and regulations. Program offices were directed to implement immediate steps and take personal responsibility for ensuring that contracts are awarded properly and effectively monitored.

## Information Technology Security

The Department will continue to address security and control weaknesses disclosed in audit reports or identified in internal assessments. The Department is working internally and partnering with other government agencies to address identified security challenges.

The Department has:

- revised its Incident Handling Procedures Handbook and its online security awareness training to address actions employees should take regarding a variety of incident scenarios;
- developed and published a Plan of Action and Milestones Guide to set forth the process for handling system vulnerabilities; and
- adopted Federal Student Aid's Operational Vulnerability Management System as the departmental standard for collection of information on all systems in the Department's

FISMA reportable inventory, including a central repository for all reported incidents, as well as tracking and auditing functions.

The Department has entered into an interagency agreement for certification and accreditation support services with the Federal Aviation Administration's Enterprise Services Center, which has begun re-certifying existing systems and certifying new systems in the Department's inventory in accordance with federal standards, including Privacy Impact Assessments for any system that stores, processes, or transmits personally identifiable information.

The Department has participated in Einstein, an intrusion detection system developed by the Department of Homeland Security that monitors government network gateways, as well as in a shared services agreement with the Federal Aviation Administration's Cyber Security Management Center; and is using National Institute Standards and Technology guidelines and recommendations for server baseline security configurations.

Implementation of these actions going forward will support governmentwide security and enhance awareness within the Department.

### **Data Privacy Safeguards**

The Department will continue to build a robust privacy safeguards program with a culture of responsibility, accountability, and transparency in protecting personal data of the millions of individuals, including students and their parents. The Department is working internally and partnering with other government agencies to adopt governmentwide best practices and to implement policies and procedures that strengthen the public's trust.

The Department has:

- prepared revisions to its privacy data external notification policies and procedures that will simplify and expedite its analysis of potential risk of harm to affected individuals, enabling more efficient and accurate notification, as appropriate, to affected individuals, including the media and Members of Congress.
- launched two major initiatives to heighten the visibility of privacy protection requirements and to strengthen employee and contractor awareness and knowledge: 1) an aggressive communications and outreach program; and 2) an expanded training program of mandatory and position-specific training.