

Goal: Getting Payments Right

Program or Activity
Direct Loan

Reporting Period
Q3 2020

Change from Previous FY (\$M)

-\$206M

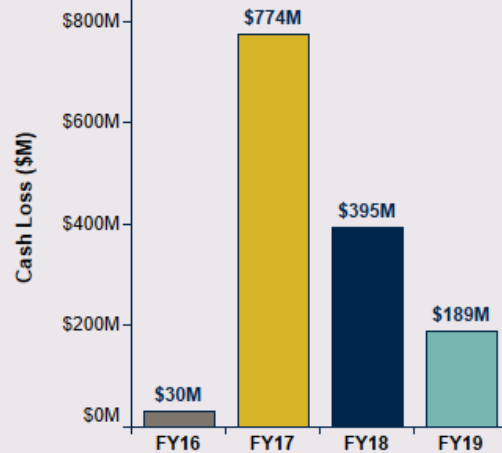


ED
Direct Loan

Brief Program Description:

The Direct Loan program, added to the Higher Education Act of 1965 (HEA) in 1993 by the Student Loan Reform Act of 1993, authorizes the Department to make loans through participating schools to eligible undergraduate and graduate students.

Cash Loss by FY (\$M)



Key Milestones		Status	ECD
1	Develop mitigation strategies to get the payment right the first time	On-Track	Nov-22
2	Evaluate the ROI of the mitigation strategy	On-Track	Nov-22
3	Determine which strategies have the best ROI to prevent cash loss	On-Track	Nov-22
4	Implement new mitigation strategies to prevent cash loss	On-Track	Nov-22
5	Analyze results of implementing new strategies	On-Track	Nov-22

Quarterly Progress Goals			Status	Notes	ECD
1	Q3 2020	FSA continues to utilize and promote the IRS Data Retrieval Tool, which enables Title IV student aid applicants and, as needed, parents of applicants, to transfer certain tax return data from an IRS website directly to their FAFSA.	On-Track	This goal is a continuous activity to reduce improper payments. The ECD listed for this goal represents the date when FSA will again assess progress.	Nov-20
2	Q3 2020	Coordinate with OMB to request updates to the OMB Compliance Supplement to further enhance and refine auditor requirements, including sampling requirements.	On-Track	This goal is a continuous activity. The ECD listed for this goal represents the date when FSA will assess progress.	Nov-20

Recent Accomplishments					Date
1	FSA implemented new and updated features to StudentAid.gov to promote financial literacy and improve the information and self-service tools available to customers, including the Annual Student Loan Acknowledgement, among other updates.				Jun-20
2	FSA implemented of an improved model for selecting FAFSA applicants for income verification, beginning with the 2020 FAFSA application cycle.				Jun-20
3	FSA issued additional guidance to address the continued challenges that schools and their students face due to the COVID-19 pandemic, including guidance about documentation acceptable to complete verification for nontax filers and extension filers.				Jul-20

Amt(\$)	Root Cause	Root Cause Description	Mitigation Strategy	Anticipated Impact of Mitigation
\$184M	Administrative or process errors made by: others (participating lender, health care provider, or other organization administering Federal dollars)	Incorrect processing of student data by institutions; student account data changes not applied/processed correctly; satisfactory academic progress not achieved; incorrectly calculated return of student aid funds; and processing errors by servicers.	Publication of guidance, training, and other resources for institutions processing financial aid. In FY20, FSA will also perform additional targeted outreach to schools.	In aggregate, Federal Student Aid assumes that reduction in school and other third party administrative errors will reduce improper payments.
\$5M	Failure to verify: financial data	Specific root causes include, but are not limited to, ineligibility for a Direct Loan and incorrect self-reporting of an applicant's information that leads to incorrect awards based on Expected Family Contribution.	Refinement of the verification selection process; promotion of the IRS DRT; and implementing additional procedures to verify income that are now permitted by the FUTURE Act, which includes provisions that amend Section 6103 of the tax code.	In aggregate, Federal Student Aid assumes that improved accuracy of income verification will reduce improper payments.

Cash Loss - Cash loss to the Government includes amounts that should not have been paid and in theory should/could be recovered.